

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
OF LOULIS MILLS SA**
**on the financial statements for the fiscal year from
1st January 2018 to 31st December 2018**

This report of the Board of Directors of LOULIS MILLS SA (hereinafter referred to as the "Company") has been prepared in accordance with current legislation and applicable Hellenic Capital Market Commission provisions and is referred to the Annual Financial Statements (Consolidated and Separate) of December 31, 2018 and for the year then ended. The LOULIS MILLS Group (hereinafter the "Group"), beyond the Company includes subsidiaries which the Company controls directly or indirectly. The Consolidated and Separate Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

This report includes the financial review from January 01, 2018 to December 31, 2018, the significant events that took place in 2018, the expected growth and development, the description of the most significant risks and uncertainties for next year, the Corporate Governance Statement, the Group's and Company's significant transactions with their related parties, the most important facts that have been occurred until the date of the preparation of the financial statements as well as any other additional information required by the relevant legislation.

A. Financial review 2018

The Group's **Turnover (Sales)**¹ for 2018 amounted to € 98,73 million, increased by 2,87% compared to € 95,98 million in 2017. At the same time, the Company's turnover amounted to € 91,89 million compared to € 90,48 million in the previous period, having increased by 1,56%.

Regarding the **Sales per segment**, we recognize a decrease of 9,96% in the sold quantities of consumer products, which accounted for the current period to 23,5 thousand tonnes compared to 26,1 thousand tonnes in the previous year. That decrease was due to the fall in the sales of consumer products by 4,44%. On the contrary, the sold quantities of business products in the current year increased by 2,83% compared to the prior year. That increase led to a total rise in sales of business products by 2,79%. Finally, the sales of mixtures for bakery and pastry, for 2018, performed total sales of € 7,55 million compared to € 6,31 million in the previous year, increased by 19,81% whereas the Group's activity of training services, for 2018, performed total sales € 0,12 million compared to € 0,10 million in the previous year.

The Group's **Cost of Sales** for 2018 amounted to € 78,50 million, increased by 3,38% compared to € 75,93 million in the previous year. At the same time, the Company's cost of sales amounted to € 73,46 million compared to € 72,25 million for 2017, having increased by 1,67%. In addition, the Group's **Gross Profit** for 2018 amounted to € 20,23 million for the Group and € 18,42 million for the Company, increased by 0,88% compared to € 20,05 million in 2017 for the Group and increased by 1,06% compared to € 18,23 million in the previous year for the Company. On the contrary, the ratio of cost of sales to sales from 20,89% for 2017 for the Group and 20,15% for the Company, decreased, for 2018, to 20,49%, for the Group and to 20,05% for the Company.

The Group's **Administrative Expenses and Distribution Costs**¹ amounted for 2018 to € 18,04 million increased by 4,58% compared to the previous year, while they increased as a percentage to sales since in the previous year they represented 17,97% of sales compared to 2018 when they represent 18,27%. Respectively, the Company's administrative expenses and distribution costs amounted to € 16,04 million for the current year increased by 4,84% compared to € 15,29 million for the previous year, while the Company's ratio of administrative expenses and distribution costs to sales increased to 17,46% for 2018, compared to 16,91% for 2017. In particular, the Group's Distribution Costs, as a percentage to total sales, increased, since in the 2017 they represented 14,05% of sales compared to 14,23% for the current year whereas the Administrative Expenses amounted to € 3,99 million for 2018 having increased by 6,12% compared to the previous year. Similarly, the Company's Distribution Costs, as a percentage to total sales, increased, since in 2017 they represented 13,29% of sales compared to 13,71% for the current year whereas the Administrative Expenses amounted to € 3,45 million for 2018 having increased by 5,50% compared to the previous year.

The Group's **Financial Expenses** amounted to € 2,12 million for 2018 having increased by 3,92% compared to the previous year when they amounted to € 2,04 million, while as a percentage to sales they increased from 2,12% to 2,15%. Correspondingly, the financial expenses of the Company amounted to € 1,90 million for the current year, having increased by 0,41% compared to the respective year of 2017.

The **Total Depreciation** for 2018 for the Group amounted to € 4,22 million and € 4,17 million for the Company, compared to € 4,00 million for the Group and € 3,98 million for the Company for the prior period, having increased by 5,57% for the Group and 4,68% for the Company, while they also increased as a percentage to sales from 4,17% for the Group and 4,40% for the Company in the previous period to 4,28% for the Group and 4,53% for the Company for the current year.

The **Group's Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)**² amounted for 2018 to € 9,30 million having decreased by 11,34% compared to € 10,49 million for 2017 and having also decreased as a percentage to sales from 10,93% to 9,42%. Respectively, for the Company, EBITDA decreased by 10,66% from € 10,51 million in the previous year to € 9,39 million for 2018 and also decreased as a percentage to sales from 11,62% to 10,22%.

After having taken into account all the above, the Group's **Net Profit before Tax** amounted to € 0,60 million for the current year compared to € 4,39 million for the prior year, representing a decrease of 86,33%. As a percentage to sales it also decreased from 4,57% to 0,61%.

Respectively, for the Company the **Net Profit before Tax** amounted to € 3,55 million for 2018 compared to € 4,56 million in the previous period, showing a decrease of 22,15%. As a percentage to sales, it decreased from 5,04% for 2017 to 3,86% for 2018.

Income tax for the Group amounted to € 0,15 million for 2018 compared to € 1,62 million for the previous year and for the Company it amounted to € 0,13 million compared to € 1,65 million for 2017.

Following the above, the Group's **Net Income Statement after tax** amounted to € 0,45 million for the current year compared to € 2,77 million in the previous period and as a percentage to sales it amounted to 0,46%

for 2018 from 2,88% for 2017. On the contrary, the Company's net profit after tax amounted to € 3,43 million for 2018 compared to € 2,91 million in the previous year and as a percentage to sales it amounted from 3,21% for 2017 to 3,73% in the current year.

The Group's profit attributable to **Non-controlling Interests** for 2018 amounted to € 0,81 million loss compared to € 0,01 million profit for the previous year.

As a result of all the above, the Group's **Net Profit after Taxes** to return to the Company's shareholders for the current year amounted to a profit of € 1,26 million over profit € 2,76 million in the previous year.

For the year 2018, the **Operating cash flows** for the Group and the Company amounted to € 10,67 million and € 8,66 million, respectively, while in the previous year it amounted to € -2,82 million for the Group and € -3,50 million for the Company.

The **Purchases of Tangible and Intangible Assets** for the Group for the current year amounted to € 7,42 million compared to € 5,33 million for the prior year. That increase is mainly due to the new investments carried out by the Group and specifically new investments for the purchase of new equipment, upgrading of the existing one, the purchase of a flat warehouse and a new industrial unit of mill products.

The Group's **Total Net Borrowing²** at December 31, 2018 amounted to € 38,06 million compared to € 37,47 million at December 31, 2017, i.e. increase of 1,57%, while the Company's total borrowings at December 31, 2018 amounted to € 32,43 million compared to € 35,45 million December 31, 2018, having decreased by 8,52%.

In summary, the financial results of the Group and the Company are reflected through some key financial ratios and are compared to the objectives set by the Company's management, based on the size of the company, the sector in which it operates, the conditions prevailing in the market and the average figures of the sector where the data are available, as follows:

Basic Group's Ratios

	01.01.2018 31.12.2018		01.01.2017 31.12.2017		01.01.2016 31.12.2016		Target
1	Total Net Borrowing² EBITDA²	$\frac{38.061.338}{9.297.711}$	4,09	$\frac{37.473.394}{10.491.032}$	3,57	$\frac{28.180.140}{11.227.086}$	2,51 (≤4,50)
2	EBITDA² Interest Paid	$\frac{9.297.711}{2.109.771}$	4,41	$\frac{10.491.032}{2.024.826}$	5,18	$\frac{11.227.086}{2.621.402}$	4,28 (≥4,00)
3	Non-Current Assets Total Net Borrowing²	$\frac{104.128.186}{38.061.338}$	2,74	$\frac{97.065.453}{37.473.394}$	2,59	$\frac{97.459.451}{28.180.140}$	3,46 (≥2,50)
4	Total Net Borrowing² Total Equity	$\frac{38.061.338}{89.200.562}$	0,43	$\frac{37.473.394}{92.212.487}$	0,41	$\frac{28.180.140}{90.880.088}$	0,31 (≤0,60)
5	Total Current Assets Total Current Liabilities	$\frac{66.126.910}{33.186.864}$	1,99	$\frac{71.427.424}{26.991.938}$	2,65	$\frac{68.280.665}{56.138.995}$	1,22 (≥1,00)
6	Total Liabilities Total Equity	$\frac{81.054.534}{89.200.562}$	0,91	$\frac{76.280.390}{92.212.487}$	0,83	$\frac{74.860.028}{90.880.088}$	0,82 (≤1,00)

Basic Company's Ratios

	01.01.2018 31.12.2018		01.01.2017 31.12.2017		01.01.2016 31.12.2016		Target
1	Total Net Borrowing² EBITDA²	$\frac{32.426.878}{9.390.505}$	3,45	$\frac{35.452.430}{10.513.295}$	3,37	$\frac{27.590.609}{11.039.252}$	2,50 (≤4,50)
2	EBITDA² Interest Paid	$\frac{9.390.505}{1.891.022}$	4,97	$\frac{10.513.295}{1.883.017}$	5,58	$\frac{11.039.252}{2.533.131}$	4,36 (≥4,00)
3	Non-Current Assets Total Net Borrowing²	$\frac{97.055.118}{32.426.878}$	2,99	$\frac{95.839.839}{35.452.430}$	2,70	$\frac{98.286.927}{27.590.609}$	3,56 (≥2,50)
4	Total Net Borrowing² Total Equity	$\frac{32.426.878}{88.190.362}$	0,37	$\frac{35.452.430}{88.123.153}$	0,40	$\frac{27.590.609}{86.504.760}$	0,32 (≤0,60)
5	Total Current Assets Total Current Liabilities	$\frac{63.144.410}{25.818.366}$	2,45	$\frac{63.885.848}{22.390.689}$	2,85	$\frac{60.936.173}{52.368.211}$	1,16 (≥1,00)
6	Total Liabilities Total Equity	$\frac{72.009.166}{88.190.362}$	0,82	$\frac{71.602.534}{88.123.153}$	0,81	$\frac{72.718.340}{86.504.760}$	0,84 (≤1,00)

¹ The figures of 2017 are adjusted according to IFRS 15 "Contracts with Customers" with a transition date of 1 January 2018 (see note 6.2.2).

² For explanations and the calculation of the indicators see section "Alternative Performance Measures (APMs)"

B. Group's Companies and Branches

The Group and the Company own the following branches:

Name	Head office	Branches	% Parent's participaton	Basis for the consolidation
LOULIS MILLS S.A.	Sourpi, Magnisia	Keratsini of Attica, Mandra of Attica, Podochori of Kavala, Kalochori of Thessaloniki	-	Parent
KENFOOD SA (former NUTRIBAKES SA)	Keratsini, Attica	Ampelochori of Viotia, Mandra of Attica, Podochori of Kavala, Kalochori of Thessaloniki	70%	Direct
GREEK BAKING SCHOOL S.A.	Keratsini, Attica	-	99,67%	Direct
LOULIS LOGISTICS SERVICES S.A.	Sourpi, Magnisia	-	99,67%	Direct
LOULIS INTERNATIONAL FOODS ENTERPRISES BULGARIA Ltd.	Nicosia, Cyprus	-	100%	Direct
LOULIS MEL-BULGARIA EAD	Sofia, Bulgaria	General Toshevo, Bulgaria	100%	Indirect
GRINCO HOLDINGS Ltd.	Nicosia, Cyprus	-	100%	Direct

C. Significant Events that took place during 2018

The most significant events that took place during 2018 are as follows:

Dissolution and liquidation of the subsidiary "LAFCO LEADER ASIAN FOOD COMPANY LTD"

On March 1st, 2018 Liquidation Certificate of the company "LAFCO LEADER ASIAN FOOD COMPANY Ltd." has been issued by the Department of the Registrar of Companies and Official Receiver (D.R.C.O.R.) of the Ministry of Energy, Commerce, Industry and Tourism of the Republic of Cyprus. The dissolution and liquidation of the company, 100% subsidiary of LOULIS MILLS SA, has been decided by the Extraordinary General Meeting of the company on January 19, 2017.

Acquisition of property in Mandra of Attica

In May 2018, the Company purchased a ground floor warehouse of a total surface of 2.250 m² situated on a land of a total surface of 8.800 m² in the Municipality of Mandra-Eidyllia and particularly on the location «Mesaia Gefyra" over the old National Road of Athens-Thebes. The purchase price amounted to € 2 million.

The purchase of the aforementioned asset was due to the compulsory expropriation of the existing warehouse of the Company located at the side street of Iera Odos, 131 (Em. Pappas st.) in the Municipality of Egaleo, Attica, for the construction of Athens Metro projects.

The new modern warehouse will contribute to the more efficient management of the inventories as well as to improved customer services while it shall assist to achieve the goal for continuous growth.

Decisions of the Annual General Meeting of Shareholders

On June 14, 2018 the Annual General Meeting of Shareholders took place where 76,2% of the share capital was represented, i.e. the shareholders and the shareholders' representatives who attended and voted represented 13.052.651 shares and 13.052.651 votes.

The Annual General Meeting of Shareholders of the Company made the following decisions on the agenda items, as those are being presented according to the vote results, which have been published also on the legally registered site of the Company to the General Commercial Registry (G.E.MI.) (www.loulismills.gr).

1. The Annual Financial Statements for the Company and the Group in accordance with the international financial reporting standards, for the fiscal year 01.01.2017 to 31.12.2017 have been approved unanimously by 13.052.651 votes, i.e. 76,2% of the share capital after the hearing and approval of the relative Reports of the Board of Directors and the Certified Auditor. At the same General Meeting it was decided by 13.052.651 votes, i.e. 76,2% of the share capital, not to distribute dividends to shareholders.

2. Both the Board of Directors members and the Certified Auditor were discharged unanimously by 13.052.651, i.e. 76,2% of the share capital from any liability for indemnity for the fiscal period 01.01.2017-31.12.2017.

3. The company "BDO Auditors Accountants SA" with registration number ELTE 173, which shall nominate the members of the regular Auditor – Accountant and the alternate Auditor - Accountant for auditing the annual financial statements of the Company and the Consolidated Financial Statements in accordance with International Financial Reporting Standards for the fiscal period 01.01.2018 to 31.12.2018 was unanimously elected by 13.052.651 votes, i.e. 76,2% of the share capital.

4. The distribution of remuneration to the Members of the Board of Directors for the fiscal year 01.01.2017 - 31.12.2017 was approved unanimously, by 12.908.651 votes, ie 75,4% of the share capital.

5. The amount of money paid for the next fiscal year to cover salary and other remuneration to the Members of the Board of Directors associated with the Company with an employment relationship, the non-executive members of the BoD and the Audit Committee was pre-approved unanimously by 12.908.651 votes, i.e. 75,4% of the share capital.

6. The increase of the share capital of the Company by € 1.027.216,80 was approved unanimously, by 13.052.651 votes, i.e. 76,2% of the share capital, by increasing the nominal value of each share by € 0,06 with capitalization of the reserves "difference from the issue of shares above par" and unanimously approved the decrease of the

share capital of the Company by the same amount (€ 1.027.216,80) by decreasing the nominal value of each share by € 0,06, in order to return capital in cash to shareholders. Furthermore, the Annual General Meeting provided the authorization to the Board of Directors to settle all questions of procedure for the execution and implementation of this decision on the increase and reduction of the share capital.

7. The Amendment of the Article 5 of the Articles of Association of the Company, in accordance with the above mentioned decision under number 6 was approved unanimously, by 13.052.651 votes, i.e. 76,2% of the share capital.

8. The authorization, in accordance with Article 23 of CL 2190/1920, of both the Board of Directors members and the Company's Directors to participate in the Board of Directors or in the management of other related companies as those companies are defined in article 32 of Law 4308/2014 and, therefore, to conduct on behalf of the related companies acts falling within the Company's purposes, was approved unanimously, by 13.052.651 votes, i.e. 76,2% of the share capital.

At the same General Meeting and in accordance with the decision of the first item of the agenda the Company shall not to distribute dividends to shareholders for fiscal year 2016 (01.01.2017 - 31.12.2017).

Mill Acquisition in Bulgaria

In June 2018, the Company purchased an industrial unit (Mill) in northeastern Bulgaria (General Toshevo), through its subsidiary "LOULIS MEL-BULGARIA EAD".

The mill is located in the fertile region of Dobrich, where the finest Bulgarian grain is produced, just 13 km from Romanian border, is built in 2015, with a capacity of 100 tons / 24 hours with a storage capacity of 4,500 tons of wheat and is located on a plot of 21,000 m². The purchase was for 2.25 million euro and was financed from own funds.

The Company, after 10 years, returns to the Balkan market with a production unit designed to serve the markets of Bulgaria and Romania. These markets are dynamically growing with increasing demands for quality flour, which the company plans to cover. The company's goal is to grow on international markets through both export and investment.

Increase and equal reduction of the Company's share capital by increase and equal reduction of the par value of the Company's shares and the capital return in cash to shareholders

The Annual General Meeting of June 14, 2018 decided the increase of the share capital of the Company by € 1.027.216,80 by increasing the nominal value of each share by € 0,06 (from € 0,94 to € 1,00) with capitalization of the reserves "difference from the issue of shares above par" and the decrease of the share capital of the Company by the same amount (€ 1.027.216,80) by decreasing the nominal value of each share by € 0,06 (from € 1,00 to € 0,94) , in order to return capital in cash to shareholders € 1.027.216,80 i.e. € 0,06 per share.

Following the increase and the simultaneous decrease mentioned above, the share capital remains at the amount of € 16.093.063,20, divided into 17.120.280 nominal shares, of an amount of € 0,94 per share.

On June 29, 2018, the decision with number 70854/26-06-2018 of the Ministry of Economy and Development which approved the modification of art. 5 of the Company's Articles of Association has been published on the General Commercial Registry (G.E.MI.) with registration number 1413785.

The Corporate Actions Committee of the Athens Stock Exchange during its session on July 05, 2018, was informed about the equal increase and reduction of the par value of the Company's shares, the capital return in cash to shareholders of € 0,06 per share.

In the light of the above, as of the following date of July 09, 2018, the shares of the Company were traded on the ATHEX under their final par value of € 0,94 per share without the right to the benefit of the capital return in cash of € 0,06 per share. From the same above date, the upset price of the Company shares in the Athens Stock Market shall be formed in accordance with the Bylaws of Athens Stock Exchange, in combination with decision no. 26, issued by the BoD of the Athens Stock Exchange, as now in force.

Shareholders entitled to receive the capital return are those registered in the electronic registry of the Dematerialized Securities System (DSS) on July 10, 2018. The payment date of the capital return was set July 16, 2018 through ALPHA BANK.

Issuance of a bond loan

On September 12, 2018 the Company proceeded with the issuing of a bond loan of a total amount of € 2,5 million in order to meet its working capital needs. The bond loan is of two years duration and was issued in association with National Bank of Greece S.A.

Completion of the merger by absorption of the company "KENFOOD TROFOGNOSIAS SA" by the subsidiary company "NutriBakeS SA"

Following the preliminary transfer contract of shares, by date February 6, 2015, between "NUTRIBAKES S.A.", 70% subsidiary of "LOULIS MILLS S.A." and the shareholders of "KENFOOD TROFOGNOSIA SA", the Board of Directors of "NUTRIBAKES SA" decided on February 6, 2017, the merge by absorption of the company "KENFOOD TROFOGNOSIA S.A.", in accordance with the provisions of articles 68-77a of the Law 2190/1920 and No. 54 of Law 4172/2013. The transformation balance sheet was the one prepared by 31 December 2016. The aforementioned merger was approved by virtue of Decision 8559/2018 of the Deputy Chief Executive Officer of Piraeus, registered in the General Commercial Register on 18/09/2018 under Registration Number 1475949. The same decision includes, also, the adoption of an amendment to article 5 of the Articles of Association of "NutriBakeS SA", according to which its share capital amounts now to € 670.310 from € 533.400 divided into 67.031 common registered shares of nominal value of € 10 from 53.340 common registered shares of a nominal value of € 10 each. The 67.031 new shares are available at 3,6319% to the shareholders and 96,3681% to the shareholders of the acquirer. As a result, LOULIS MILLS SA now owns 67,46% instead of 70% in "NutriBakeS SA". The completion of the initial agreement followed between "LOULIS MILLS S.A." and the rest of the shareholders of "NutriBakeS SA", since the former acquired in total 1.707 shares from the rest of the shareholders of "NutriBakeS SA" for € 58.823,22. Thus, "LOULIS MILLS S.A." possesses now 70% of "NutriBakeS SA". Lastly,

the subsidiary "NutriBakeS SA" decided the amendment of its company name into "KENFOOD SA". That decision has been registered in the General Commercial Register on 26/11/2018 under Registration Number 1576485.

D. Future Performance and Development

The vision of LOULIS MILLS SA is "to create value for human nutrition". The continuous commitment of the Management is to keep that vision in order the Group to remain the undoubtful leader and pioneer in the market. In particular, the mission of the Group is:

- to produce and distribute innovative products of high quality as well as render high-level services in the food market.
- to pioneer and develop with respect to its three centuries tradition as well as create value for its customers, employees, shareholders and the society.
- to be the leader in the market of Southeast Europe and at the same time enforce its export orientation with environmental and social responsibility.

For 2019, the Group aims to achieve its annual business objectives and to set the foundation for its long term development. Like in the past, special focus shall be given to the digitalization of the internal control procedures of the Group as well as the further use of the synergies among the companies of the Group.

Main strategic orientations and priorities of the Group are:

- Product Superiority. To produce innovative and market-leader products of high quality, create value for its customers and be superior of the competitors.
- Focus on Customer. To understand the challenges of its customers and fulfill effectively their needs exceeding their expectations.
- Team Strengthening. To promote cooperation, respect, creativeness, improvement, training and safety so as the employees feel adequately assisted in accomplishing their work.
- Operational Efficiency. To keep operating cost in low levels without compromising the quality of the products and services through more effective management of the available resources as well as carrying out high-return investments.
- Digitalization. To invest and get trained in customized technologies which shall support its development and shall assist its more effective operation.
- Support of International Activity. To develop its activity abroad by boosting exports as well as by its expansion through the industrial unit in Bulgaria.
- Edge Thinking. To discover continuously operating and product innovations which shall support its further development through new ideas and experimentations.

- Corporate Social Responsibility. Every activity of the Group to have positive environmental and social impact so as to contribute to the long term sustainability of the planet and the social prosperity and at the same time ensuring its own viability.

The foreseen performance for 2019 depends to a great extent on the continuous uncertainty in the local market, yet the strong capital structure of the Group, combined with its well-operating and organizational structures, gives Management the ability to manage effectively any difficulties, which are likely to arise and continue uninterruptedly the implementation of its strategic plan.

E. Main risks and uncertainties for the next year

The main risks that the Group is exposed to and is likely to face next year are as follows:

Credit Risk

The Group does not have a significant concentration of credit risk in any of its contracting parties, mainly due to the large number of customers and the great dispersion of the Group's customer base.

The Management of the Group has adopted and applies credit control procedures to minimize its doubtful receivables through the evaluation of the credit ability of its customers and the effective management of the receivables before they become overdue. For the monitoring of credit risk, customers are classified according to their credit profile, the maturity of their receivables and the historical background of their collection.

Additionally, the Group's companies have an insurance contract that covers most of their claims. This contract cannot be sold or transferred. Customers considered to be unreliable are reevaluated at every reporting date and when a likelihood of non-recovery of these receivables occurs, a provision for doubtful debts is formed.

Liquidity Risk

The Group keeps its liquidity risk at low levels through the availability of adequate cash or/and approved bank credit limits ensuring the fulfillment of the Group's short-term financial liabilities. The Group's liquidity ratio (current assets to current liabilities) amounted to 1,99 at December 31, 2018 towards 2,65 for the previous year.

For the monitoring and management of liquidity risk the Group forms cash flow projections on a regular basis.

Interest Rate Risk

The Group's exposure to the risk of changes in the interest rates relates to its short-term and long-term loans. The Group manages Interest Rate Risk through keeping the total of its loans at variable interest rates. Since the Company's loans are linked with the Euribor index, the maintenance of the latter at low levels has a direct positive impact on the financial cost of the Group.

The table below presents the sensitivity of the Earnings Before Tax of the Group and the Company if the interest rates change by a percentage point:

Sensitivity Analysis on Interest Rate Changes

	Interest Rate Volatility	Impact on Company's EBT	Impact on Group's EBT
Amounts 2018	1,00%	-366.963	-433.121
	-1,00%	366.963	433.121
Amounts 2017	1,00%	-390.614	-417.579
	-1,00%	390.614	417.579

Exchange Rate Risk

The Group operates in Southeast Europe and as a result any change in the operating currencies of those countries towards the other currencies exposes the Group to risk of exchange rate. The main currencies involved in the Group's transactions are Euro and Bulgarian Lev.

The Group's Management continuously monitors the foreign exchange risks that may arise and assesses the need for action, yet at the moment there is no such risk since the exchange rate between the two currencies is stable from 1 January 1999 (BGN 1.95583 = EUR 1).

Risk of Inventory Loss

The Management of the Group takes all the necessary measures (insurance, storage) in order to minimize the risk and the contingent loss due to inventory loss from natural disasters, thefts, etc. Moreover, due to the inventory's high turnover ratio and the simultaneous inventory's long duration (expiry date), the risk of their obsolescence is very limited.

Risk of increase in the price of raw materials

The Group is exposed to risk derived from the fluctuation in prices of the used raw materials for its products. The fluctuation in prices of the raw materials during the recent years as well as the general economic crisis lead us to the conclusion that this fluctuation will continue to exist. Therefore, exposure to that risk is considered high and for that reason the Group's Management takes all the necessary measures in order, firstly, to eliminate the Group's exposure to that risk through achieving appropriate agreements with its suppliers as well as the use of derivative financial instruments and secondly, to quickly adjust its pricing and commercial policy.

F. Information about labour and environmental policy

Human resources

The Group historically relies on its biggest asset, its people, who represent the most crucial factor of its success. In particular, a strong family culture has been formed which is based on the values of the Group and the mutual respect, trust, cooperation and team spirit. Through investing in the applied training methods, we

intent to achieve many business advantages such as increase in productivity, our employees' satisfaction, involvement and the sustenance of our manpower. In the long term, maintaining the interest of our employees and the support we provide for their development are crucial for the way we create value. Discriminations are excluded from the Group's practices and we support in every way human rights and equal opportunities according to the international standards.

Our key priority and vision is to create, develop, evolve and take care of the leading team.

Health and Safety

Within the Group, the protection of our employees and all of those involved in the Group's chain value represent an integral part of our policy, philosophy, our work and our daily life. Nothing can be more important than our people and their safety who contribute every day to the development of our company. Health and safety are not a typical procedure yet a way of thinking and attitude of life. Specifically:

- We make continuous efforts for the improvement of the working conditions for each position through conducting daily inspections in the working areas and training the employees about the practices they have to follow in order to remain safe within a healthy working environment.
- We provide a safe and healthy working environment consistent with the applied legislation, regulations and the internal health and safety requirements.
- We commit ourselves, for the interest of the employees, to the continuous improvement of health and safety in the working areas, though, among other things, identifying safety hazards and addressing health and safety issues.
- We provide medical surveillance of all of our employees through the appointment of an Occupational Doctor.
- We apply strict prevention procedures in order to eliminate accidents and minimize days of absence from work due to working accident.
- We aim to the reduction of noise and dust levels of the production facilities to the lowest possible levels in order to protect our employees from occupational diseases resulted from the exposure to those factors.

Relations between Management and employees

Within Loulis Mills, we traditionally operate like a big family. This has formed a common culture and a common vision based on our tradition, our principles, our values and the love for our product. Particularly:

- The applied policy of the "open door" ensures conditions of mutual trust and understanding since all the employees are able to communicate directly with the Management regarding the solution of any working or not-working problem.
- The signed contracts with our employees do not include any provision for any change of the terms or any predetermined notice for change.

Development and training of employees

Development and training of the employees is a key priority within Loulis Mills. We aim to their personal development and evolution as well as the development of their skills. That is valuable to each of our employees separately because it enhances their confidence and simultaneously it prepares them to meet the high standards of the products and services we provide to the customers and consumers. The training of an employee begins from the first working day when an adapted reception and integration program exists according to the requirements of each post.

Human Rights policy

The respect of human rights is fundamental principle for the sustainable development of Loulis Mills and its social partners. We commit ourselves to ensuring that our people are treated with the appropriate dignity and respect. For that reason:

- We provide security assurance to our employees, as it is considered necessary, with respect to the employees' confidentiality and dignity.
- We apply human rights policy which is based on the human rights international principles as included in the Universal Declaration of Human Rights, the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, the UN Global Compact and the UN Guidelines for Labour.
- We are committed to keep the working environment free of violence, bullying, intimidation or any other inappropriate or disturbing conditions caused by internal or external threats.
- We encourage a safe and healthy environment without discriminations and reprisals. All the decisions concerning the employment are based on personal skills, performance and behavior.

Benefits to employees

The contribution of our people to the Group's development is continuously recognized through providing the employees several benefits. In particular:

- We ensure providing competitive salaries so as to attract competent staff and securing a decent standard of living for all employees.
- The applied benefit policy supports effectively our employees and their families (liquidity assistance to meet any special need, medical insurance for all the employees and provision for insurance for the members of their families at low cost, providing products (flour) free of charge and reduced prices for the purchase of extra products).

Environmental issues

The efforts of Loulis Mills for the protection of the environment is not limited to the implementation of the legislation and requirements and adoption of the appropriate measures in each case. Yet, it is expressed through the continuous efforts for reducing the environmental impact of the Company's operations, focusing on achieving efficient energy consumption within the production process, reducing the disturbance caused to the local areas and the implementation of Environmental Management System. Furthermore, within Loulis Mills, we apply specific

Environmental Policy which sets the conditions for the integrated management of the environmental impacts caused by the Company's operations and we adopt and apply practices that ensure the best environmental protection and management. Namely:

- We fully comply with the environmental legislation and regulations.
- We apply certified Environmental Management Systems (ISO 14001:2004).
- We continuously train the employees involved in the production process regarding environmental protection issues.
- We apply dry technology in the process of wheat cleaning so as to achieve zero water consumption and zero liquid waste.
- We use the best practices for the solid waste management and recycle having achieved zero waste of any type within our production process.
- We cater for efficient energy consumption and the continuous upgrading of the used technologies in order to achieve high energy efficiency and the lowest possible consumption respectively per tonne of obtained product.
- We try to minimize as much as possible the transfer of raw materials, products and employees in order to achieve reduction of gas emissions to the environment.

G. Alternative Performance Measures (APMs)

According to the ESMA/2015/1415en Guidelines on Alternative Performance Measures (APMs) of the European Securities and Markets Authority, an Alternative Performance Measure (APM) is a financial measure of historical or future financial performance, financial position or cash flows, which is not defined or provided in the current Financial Reporting Framework (IFRS). APMs typically arise from or are based on financial statements prepared in accordance with the current Financial Reporting Framework (IFRS), primarily with the addition or deduction of amounts from the figures presented in the financial statements.

The Group uses to a limited extent Alternative Performance Measures (APMs) when publishing its financial performance, in order to better understand the Group's operating results and financial position.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

The indicator Earnings before Interest, Tax, Depreciation and Amortization (EBITDA), which aims to a better analysis of the Group's and Company's results, is estimated as follows: Profit/(Loss) before tax, as adjusted by the addition of "Financial Expenses" and "Depreciation", without including the items "Financial Income", "Fair Value valuation of bonds and participations" and "Goodwill Impairment". The margin of this indicator is calculated as the ratio of the "Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)" with the total of "Sales".

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Sales	98.726.902	95.984.673	91.885.260	90.478.613

Profit/(Loss) before tax	604.769	4.389.940	3.550.628	4.561.579
Fair Value valuation of bonds and participations	(195.000)	95.310	(195.000)	95.310
Goodwill impairment	2.567.116	0	0	0
Financial Income	(27.089)	(33.861)	(33.935)	(18.531)
Financial Expenses	2.123.195	2.037.748	1.903.666	1.895.939
Depreciation	4.224.720	4.001.895	4.165.146	3.978.998
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	9.297.711	10.491.032	9.390.505	10.513.295
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) margin	9,42%	10,93%	10,22%	11,62%

Earnings before Interest and Tax (EBIT)

The indicator Earnings before Interest and Tax (EBIT), which serves the better analysis of the Group's and Company's results, is estimated as follows : Profit/(Loss) before tax, as adjusted by the inclusion of "Financial Expenses" , without taking into account the items "Financial Income", "Fair Value valuation of bonds and participations" and "Goodwill Impairment". The margin of this indicator is calculated as the ratio of the "Earnings before Interest and Tax (EBIT)" with the total of "Sales".

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Sales	98.726.902	95.984.673	91.885.260	90.478.613
Profit/(Loss) before Tax	604.769	4.389.940	3.550.628	4.561.579
Fair Value valuation of Bonds and Participations	(195.000)	95.310	(195.000)	95.310
Goodwill Impairment	2.567.116	0	0	0
Financial Income	(27.089)	(33.861)	(33.935)	(18.531)
Financial Expenses	2.123.195	2.037.748	1.903.666	1.895.939
Earnings before Interest and Tax (EBIT)	5.072.991	6.489.137	5.225.359	6.534.297
Earnings before Interest and Tax (EBIT) Margin	5,14%	6,76%	5,69%	7,22%

Total Net Borrowing

The "Total Net Borrowing" is one ESMA that the Management uses to evaluate the capital structure of the Group and the Company. It is estimated as the sum of the items "Long-term Borrowing Liabilities "and "Short-term Borrowing Liabilities", minus the item "Cash and cash equivalents".

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Long-term Borrowing Liabilities	31.953.550	30.693.617	29.892.522	30.693.617
Short-term Borrowing Liabilities	11.358.505	11.064.319	6.803.793	8.367.814
Cash and Cash Equivalents	(5.250.717)	(4.284.542)	(4.269.437)	(3.609.001)
Total Net Borrowing	38.061.338	37.473.394	32.426.878	35.452.430

H. Corporate Governance Statement

Introduction

LOULIS MILLS SA is committed and adhere to standards of corporate governance. Within this context, the Company has implemented the principles set out by the Corporate Governance Code introduced by the Hellenic Federation of Enterprises (SEV) with some exceptions, but always in accordance with the current legislation. The code can be found at the following Web address:

<http://www.helex.gr/el/web/guest/esed-hellenic-cgc>

1. Internal Audit and Risk Management

1.1 Main features of Internal Audit

Internal audit is performed by the Internal Auditing department according to the Audit Program as described in the Company's Business Rules and Procedure.

It is noted that the audit, on the basis of which the relevant report is prepared, is carried out within the regulatory framework in line with Law 3016/2002, as now in force, and specifically in accordance with articles 7 and 8 of the same Law, and the provisions of the Resolution 5/204/2000 of the Board of Directors of the Hellenic Capital Market Commission (HCMC), as amended by HCMC Board of Directors decision Nr. 3/348/19.7.2005.

During the audit, the internal audit department takes into account the necessary journals, documents, files, bank accounts and portfolios of the Company and requests the Management's absolute and continuous cooperation, in order to obtain all the requested information and data so as to obtain reasonable assurance for the preparation of the report free of essential misstatements with respect to the information and conclusions included therein. The Internal Audit does not include any assessment regarding the appropriateness of the accounting policies that were implemented, as well as the reasonableness of the assessments that were made by Management, since these are goals of the audit carried out by the Company's certified auditor.

The aim of the Internal Audit is the assessment of the general conditions and the operating procedures of the internal audit system. During every audit period, certain audit areas – fields are selected, while the audit and the examination of the operation and organisation of the Company's Board of Directors and the operation of the two main Departments operating on the basis of the provisions pursuant to Law 3016/2002, i.e. the Department for Servicing Shareholders and the Corporate Announcements Department, are being audited on a fixed and permanent basis.

1.2 Managing the Company's risks in relation to the procedure for preparing the Financial Statements

The Company has developed and applies policies and procedures for the preparation of the financial statements to ensure their credibility and compliance with legislation and regulations that affect their preparation and disclosure.

These procedures concern the proper audit and recording of revenue and expenditure, as well as the monitoring of the status and the value of the Company's assets. The policies and procedures that have been implemented, are being evaluated and readjusted in case they become inadequate or due to changes in the current legislation.

At the end of each accounting period, the Company's accounting department undertakes the actions that are required for the preparation of the financial statements according to the law.

The implemented policies and procedures which relate to the preparation of the Financial Statements, are:

- Procedures for closing periods that include the deadlines for submission, competencies, classification and analysis of the accounts and updates for the necessary disclosures.
- Reconciliation of the account balances of Customers and Suppliers and the receivables and liabilities, at regular time basis.
- Procedures that ensure that the transactions are recognised in accordance with the International Financial Reporting Standards.
- Reconciliation of the bank accounts and borrowing accounts kept by the Company at approved Banks on a monthly basis;
- Audit and reconciliation of the cheques receivable and cheques payable.
- Forming provisions for the Company's receivables and liabilities in cases where the supporting documents have not yet been obtained.
- Carrying out inventory physical counting and audit of the warehouse imports – exports on a monthly basis.
- Audit procedure for the reconciliation of sales with the documents issued.
- Existence of policies and procedures for areas such as significant purchases, payment and collection procedures, managing inventories, etc.
- Implementation of procedures for entries being made by different people within the context of segregation of duties.

- Approvals and procedures for the correct entry of the Company's expenses into the accounts of the applied chart of accounts and the correct cost centre;
- Procedures for purchase approvals, register and monitoring of assets and charging of the proper depreciation amounts;
- Procedures for monitoring and managing staff and payroll liabilities.
- Procedures that ensure the appropriate use of the Company's applied accounting policies and that the access and the changes made to it through the Company's Information System are only carried out by authorised users in specified area of responsibility.

The Information System of the Company is continually being developed and upgraded in close cooperation with a competent IT Company in order to adjust to the Company's continuously growing and specialised needs for the support of the Company's long-term goals and prospects.

2 General Meeting of Shareholders

2.1 Operation and main authorities of the General Meeting:

The General Meeting is the supreme body of the Company, and may decide for each corporate case and rule on all matters submitted to it. The role, powers, convening, participation, the ordinary and extraordinary quorum and majority of runners, the Bureau, the agenda and the general operation of the General Meeting of Shareholders of the Company are described in the Articles of Association of the Company, as it has been updated on the basis of the provisions of law 2190/1920, as amended (having integrated the Law 3884/2010 concerning minority rights).

In particular, the General Meeting is exclusively responsible to decide on:

- a) Amendments to the Articles of Association, as they considered, however, the increases or reductions in the capital. The decisions for the amendment of the Company's Articles of Association are valid, if not prohibited by an explicit provision of it,
- b) Electing BoD members and Auditors,
- c) Approval of the company's balance sheet,
- d) Distribution of annual profits,
- e) Merge, split, convert, revival, extension of duration, or dissolution of the company and
- f) Appointing liquidators.

Within the provisions of the aforementioned paragraph the followings are not included: a) increases decided in accordance with paragraphs 1 and 14 of article 13 of codified law 2190/1920 by the Board of Directors, as well

as increases imposed by provisions of other laws, b) the amendment of the Articles of Association of the Board of Directors in accordance with paragraph 5 of article 11, paragraph 2 of article 13 and paragraph 13 of article 13 and paragraph 4 of article 17B of codified law 2190/1920, c) the appointment of the first Statute Governing Board, d) the election of Directors according to the Company's Articles of Association, in paragraph 7 of article 18 of codified law 2190/1920, for the replacement of the resigned ones, deceased or lost their property in any other way, e) absorption of according to article 78 of law 2190/1920 limited company from another company that owns 100% of its shares and f) possibility of profit distribution or optional provisions within the current fiscal year by decision of the Board of Directors, if it has no authorization of the General Meeting.

The decisions of the General Meeting are binding for the shareholders who are absent or disagree.

The General Meeting of Shareholders shall be convened by the Board of Directors at all times and regularly convenes at the registered office of the Company or to another district of Municipality within the county of the registered office of the Company or other adjacent municipality of the registered office of the Company, at least once per fiscal year and always within the first six months of the end of each fiscal year. The General Meeting can meet and at the district of the municipality where it is located the headquarters of the Athens Stock Exchange.

The Board of Directors may convene an extraordinary meeting of the General Meeting of shareholders when appropriate or if requested by shareholders representing over law and the Company's Articles of Association required percentage.

The General Meeting, with the exception of repetitive meetings and those assimilated, convened at least twenty (20) days before the date set for the meeting. It is clarified that non-working days are also counted. The day of publication of the invitation and the day of the meeting are not counted.

At the invitation of the shareholders in General Meeting, should be determined the date, the hour and the venue where the Meeting will be held, the agenda issues, shareholders who are entitled to participate, as well as precise instructions about the procedure in which shareholders will be able to participate in the meeting and to exercise their rights in person or through a representative or possibly remotely.

The convocation at shareholders meeting is not required when present or represented shareholders represent the entire share capital and none of them counters in actuality and in decision-making.

The General Meeting is to meet quorum and valid for agenda topics when they are present or are represented in that shareholders representing one fifth (1/5) of the paid-up share capital.

If this quorum is not reached the General Meeting shall meet and meet again within twenty (20) days from the day of the meeting that was aborted after invited shareholders before ten (10) days. Repeat this Meeting meets valid for threads of the original agenda for any part of the subscribed capital represented therein.

The decisions of the General Meeting are taken by absolute majority of votes represented therein.

In the case of decisions taken by the General Meeting concerning restrictively: a) change of nationality of the company, b) extend, merge, split, convert, revival or dissolution of the company, c) change of the object

(purpose) of the company, d) increase of the share capital, which is not provided in the Company's Articles of Association, in accordance with paragraphs 1 and 2 of article 13 of codified law 2190/1920 unless required by law or is made by the capitalization of reserves, e) reduction of share capital, unless made in accordance with paragraph 6 of article 16 of law 2190/1920, f) change the way of distribution of profits, g) increase the liabilities of the shareholders, h) conversion of registered shares of the company in anonymous or anonymous nominal, i) provision or renewal of authority to the Board of Directors to increase the share capital in accordance with article 13 paragraph 1 of law 2190/1920, the General Meeting shall form quorum, meet valid and can take legitimate decisions on the agenda when present or represented in that shareholders up to two thirds (2/3) of the paid-up share capital.

The General Meeting is chaired temporarily, and until the election of president by the General Meeting, by the Chairman of the Board of Directors or his Deputy, or if they are not presented, by another member of the Board of Directors, or if not attended any Board Member, a person who is elected from the Meeting. The interim President shall appoint a temporary secretary who will count the votes. After the declaration of the list of the shareholders present as final, the General Meeting will proceed to the election of a President and a secretary, who will count the votes.

The discussions and decisions of the General Meeting are limited to matters which are on the agenda. Procedures for hearing and decision of the General Meeting are recorded in summary form in a special minute book and shall be signed by the Chairman and the secretary. The President of the General Meeting, on request of the shareholders, is obliged to record an accurate summary of the opinions expressed by those shareholders on the Company's record. The minutes should also include the list of shareholders who were present or represented at the meeting, as well as the number of shareholders and their vote. In case one (1) only shareholder is present at General Meeting, it is mandatory the presence of a notary, who subscribes to the Minutes.

2.2 Rights of the shareholders and ways of exercising those rights

2.2.1 Rights of participation and voting

The shareholders shall only exercise their rights, regarding the Company's management, at the General Meetings and in accordance with the provisions of the law and the Articles of Association. Every share represents one vote at the General Meeting, subject to the provisions of the article 16 pursuant to Codified Law 2190/1920, as in force.

Anyone that appears as a shareholder on the records of the intangible Securities System of the Company that is managed by the "Hellenic Exchange SA" (HESA), which keeps the Company's securities (shares), may participate at the General Meeting. The verification of the shareholder status is made with the submission of the relevant written certification that is issued by the aforementioned body or alternatively through the direct online connection between the Company and the records of the mentioned above body. The shareholder's capacity must exist upon the record date, namely at the beginning of the fifth (5th) day prior to the convening of the General Meeting, and the relevant certification or online certification regarding the shareholder capacity must have been obtained by the Company at the latest on the third (3rd) day prior to the convening of the General Meeting.

For the Company, the right to participate and vote at the General Meeting is only exercised by the person holding the shareholder's capacity upon the corresponding record date. In case of non-compliance with the provisions under article 28 (a) pursuant to Codified Law 2190/1920, the aforementioned shareholder may only participate in the General Meeting after it has received its permission.

It is noted that the exercise of the mentioned above rights (participation and voting) does not require the blocking of the holder's shares or the application of any other equivalent procedure, which restricts the capacity to sell and transfer these shares during the intervening period between the record date and the date of the General Meeting.

The shareholders may participate and vote at the General Meeting in person or via representatives. Every shareholder may appoint up to three (3) representatives. Legal entities may participate in the General Meeting by appointing up to three (3) natural persons as their representatives. Nevertheless, if the shareholder holds the Company's shares, which appear on more than one security accounts, that restriction does not prevent the shareholder from appointing different representatives for the shares that appear on each securities account in relating to the General Meeting. A representative that is acting for more than one shareholders may vote differently for each shareholder. The shareholder's representative is required to notify to the Company prior to the commencement of the General Meeting every specific fact that may be useful for the shareholders to evaluate the risk the representative to serve other interests apart from the interests of the represented shareholder. Within the definition of this paragraph, a conflict of interest may arise specifically when the representative:

- a) Is a shareholder that is exercising control over the Company or another legal person or entity that is controlled by that shareholder;
- b) Is a member of the Board of Directors or the Company's general management or a shareholder exercising control over the Company or shareholder of another legal person or entity that is controlled by a shareholder that is exercising control over the Company;
- c) Is the Company's employee or Certified Auditor or a shareholder that is exercising control over the Company or shareholder of another legal person or entity that is controlled by a shareholder that is exercising control over the Company;
- d) Is the spouse or a relative of 1st degree to one of the natural persons that subject to cases (a) to (c).

The appointment and revocation of the shareholder's representative shall be made in writing and communicated to the Company in the same way at least three (3) days prior to the date of the General Meeting.

2.2.2 Other rights of the shareholders

Ten (10) days prior to the Regular General Meeting every shareholder may receive copies of the Company's annual financial statements and reports by the Board of Directors and the Auditors. These documents must have been submitted in time in the Company's offices by the Board of Directors.

On request of the shareholders that represent one-twentieth (1/20th) of the paid up share capital the Board of Directors is obliged to convene an Extraordinary General Meeting of the shareholders, by appointing its date, which cannot be later than forty-five (45) days after the date upon which the request was submitted upon the Chairman of the Board of Directors. The application shall contain the objective of the agenda. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the submission of the relevant request, the meeting shall be convened by the petitioning shareholders at the Company's expense, by a resolution of the Single Member Court of First Instance where the Company's registered offices are based, which shall be issued under the interim relief proceedings. This decision shall specify the place and time for the meeting, as well as the agenda.

An application by the shareholders that represent one-twentieth (1/20th) of the paid up share capital shall compel the Board of Directors to enter additional matters on the agenda of the General Meeting that has already been convened, if the relevant application is received by the Board of Directors at least fifteen (15) days prior to the General Meeting. The additional matters must be disclosed or notified at the responsibility of the Board of Directors in accordance with article 26 pursuant to Codified Law 2190/1920, at least seven (7) days prior to the General Meeting. Where these matters are not disclosed, the petitioning shareholders are entitled to request the adjournment of the General Meeting in accordance with paragraph 3 under article 39 pursuant to Codified Law 2190/1920 and to personally proceed with the publication in accordance with the provisions of the previous section, at the Company's expense.

An application by shareholders that represent one-twentieth (1/20th) of the paid up share capital shall compel the Board of Directors to make available to the shareholders, in accordance with the determinations under article 27, paragraph 3 pursuant to Codified Law 2190/1920, at least six (6) days prior to the date of the General Meeting, drafts of resolutions on matters that have been included in the initial or the revised agenda, where the relevant application has been received by the Board of Directors at least seven (7) days prior to the date of the General Meeting.

Following an application by any shareholder, submitted to the Company at least five (5) clear days prior to the General Meeting, the Board of Directors is required to provide the General Meeting with the required specific information concerning the affairs of the Company, to the extent that this is useful for making an actual assessment of the matters on the agenda.

An application by shareholder/s that represent one-twentieth (1/20th) of the paid up share capital shall compel the Chairman of the Meeting to postpone the decision-making for only one time regarding all or specific matters by the Extraordinary or Regular General Meeting, by appointing a date for continuing the meeting for the making of those decisions that are specified in the application by the shareholders, which cannot however be greater than thirty (30) days after the date of adjournment. The General Meeting after an adjournment constitutes a continuation of the previous meeting and it is not necessary to repeat the formalities for publishing the invitation to the shareholders, wherein new shareholders may not participate therein in observation of the provisions under articles 27, paragraph 2 and 28 pursuant to Codified Law 2190/1920.

An application by shareholders that represent one-twentieth (1/20th) of the paid up share capital, which must be submitted to the Company five (5) clear days prior to the regular General Meeting, shall compel the Board of Directors to inform the General Meeting regarding the amounts that have been paid for any reason by the Company over the last two-year period to members of the Board of Directors or Managers or its other employees, as well as any other agreement that has been made for any reason between the Company and the same persons. Furthermore, an application by any shareholder, submitted in accordance with the aforementioned, shall compel the Board of Directors to provide specific information regarding the Company's affairs to the extent that this is useful for the actual assessment of the matters on the agenda. The Board of Directors may refuse to provide the requested information, for sufficient reason, while writing down the relevant explanation in the Minutes. Such reasons, under the circumstances, may be the representation of the petitioning shareholders on the Board of Directors, in accordance with paragraphs 3 or 6 under article 18 pursuant to Codified Law 2190/1920.

At request by the shareholders that represent one-fifth (1/5th) of the paid up share capital, which must be submitted to the Company within the deadline under the mentioned in the previous paragraph, the Board of Directors shall compel to provide information to the General Meeting in relation to the course of the corporate affairs and the Company's assets status. The Board of Directors may refuse to provide the requested information, for sufficient reason, while writing down the relevant explanation in the Minutes. Such reasons, under the circumstances, may be the representation of the petitioning shareholders on the Board of Directors, in accordance with paragraphs 3 or 6 under article 18 pursuant to Codified Law 2190/1920 as long as the relevant members of the Board of Directors have been adequately informed.

If an application by shareholders that represent one-twentieth (1/20th) of the paid up share capital, resolutions upon any matter on the agenda of the General Meeting shall be passed with a roll call.

The Company's shareholders that represent one-twentieth (1/20th) of the paid up share capital have the right to request an audit of the Company from the Single Member Court of First Instance in the region where the Company is based, which shall adjudicate the matter on the basis of ex parte proceedings. The Audit shall be ordered where actions are conjectured that violate the provisions in the law or the Articles of Association or the resolutions by the General Assemble.

The Company's shareholders that represent one-fifth (1/5th) of the paid up share capital have the right to request an audit of the Company from the competent Court in the previous paragraph, where it is believed from the whole course of the corporate affairs that the Management of the corporate affairs is not being carried out as dictated by sound and prudent Management. This provision shall not be implemented on those occasions where the minority requesting the Audit is represented on the Company's Board of Directors.

3 Board of Directors

The Board of Directors manages the Company as a collective body, taking its decisions in accordance with the current SA legislation, the stock exchange legislation, the regulatory provisions of the ASE and the supervising authorities. The members of the Board of Directors shall acquire all relevant information regarding the operation of the Company. Moreover they must exercise their duties at the interests of the company and its shareholders.

The Board of Directors (BoD) primarily formulates the strategy and development policy and also supervises and controls the management of the Company's assets. The composition and duties of the members of the Board of Directors are determined by the Law and the Company's Articles of Association. The primary obligation and duty of the members is to constantly reinforce the Company's long-term economic value and to promote the general corporate interest.

3.1 Composition and operation of the Board of Directors

According to article 17 of the Company's Articles of Association the BoD shall be comprised of five (5) to seven (7) members that are natural or legal persons, which are elected by the General Meeting of the shareholders by an absolute majority of the votes that are represented at the General Meeting. The members of the Board of Directors may be re-elected and freely revoked.

The tenure of the members on the Board of Directors shall be for a period of 4 years commencing from the meeting date of the General Meeting that elected the board and shall be extended until the expiry of the deadline, within the immediately following regular General Meeting must convene. That specific article of the Articles of Association has been amended and the tenure for the members of the Board of Directors shall be for four years.

The Board of Directors shall meet upon every occasion required under the law, the Articles of Association or the Company's needs, following an invitation by its Chairman or his/her deputy at the Company's registered offices or the Company's branch at Keratsini (1 Spetson Street). The invitation must necessarily state with clarity the matters on the agenda, or else the passing of resolutions shall only be permitted only if all of the members on the Board of Directors are present or represented and no one has objected to the decision-making.

The Board of Directors may validly convene outside its registered offices in any other domestic or location abroad, on condition that all its members are present or represented at that meeting and no one has objected to holding the meeting and the decision-making.

The Board of Directors may convene via teleconferencing. In that case the invitation to the members on the Board of Director shall include the necessary information regarding their participation at the meeting. The Chairman or his/her lawful deputy shall chair the meetings by the Board of Directors.

The Board of Directors shall be in quorum and validly convened where one half plus one of the directors are present or represented, however the number of the directors present can under no circumstances be less than three (3).

An absolute majority of the directors present and represented is required for the valid decision-making by the Board of Directors.

A director that is absent may be represented by another director through a simple letter or Telegraph that is addressed to the Chairman of the Board of Directors. Every director may only represent one other director and it is furthermore necessary that at least three members are present at every meeting.

The discussions and decisions of the Board of Directors shall be entered in a précis form into a special Journal that may also be kept on a computerised system. Further to an application by the member of the Board of Directors, the Chairman is required to enter a precise summary of his/her opinion in the Minutes. A list of the members of the Board of Directors that were present or represented at the meeting shall also be entered into this Journal. The minutes of the Board of Directors shall be signed by the Chairman or Vice- Chairman if elected, or if a Vice- Chairman has not been elected then the minutes are signed by the Managing Director. Copies of the Minutes shall be officially issued by these persons, without requiring any other validation.

The Board of Directors has the right to transfer its authorities on every occasion by its special decision, which shall be entered into the Minutes, (excluding of those that require collective action) on specific and individually determined matters to one or more members of the Board of Directors or to other persons that shall act alone or collectively. The Board of Directors may also assign the Company's internal audit to one or more persons that are not its members and to members of the Board of Directors where it is not prohibited by the law. These persons may further assign the exercise of the authorities that have been assigned to them or a section thereof to other members or third parties, where this is provided in the resolutions of the Board of Directors.

a) If a director's position is vacated due to death, resignation or under any whatsoever other cause, the remaining members on the Board of Directors, which must be at least three (3), may elect a replacement director. The tenure of the replacement director shall expire at the same date with the director's tenure who has been replaced would have expired. The resolution with the election shall be submitted to the publication requirements under article 7 (b) pursuant to Codified Law 2190/1920 and shall be announced by the Board of Directors at the immediately next General Assemble, which may replace the elected members, even where the relevant matter has not been entered on the agenda.

b) In the aforementioned case of resignation, death, or loss of the capacity as a member of the Board of Directors in any whatsoever manner, the remaining members may continue managing and representing the Company without replacing the missing members, in accordance with the hereinabove, on condition that their number exceeds one half of the members that were prior to the onset of the above events. In any case, these members cannot be less than three (3).

c) In any case, the remaining members of the Board of Directors, regardless of their number, may proceed with convening a General Meeting for the exclusive purpose of electing a new Board of Directors.

3.2 Information concerning the members of the Board of Directors

The Company's current Board of Directors is comprised of six (6) members, in respect of which three (3) are executive, two (2) are non-executive and independent, while one (1) member is non-executive and dependent and their tenure is for a period of four years (4 years) until **June 13, 2021**.

In particular:

Mr Nikolaos Loulis, son of Konstantinos Loulis, Chairman of the Board of Directors – Executive Member

Mr Nikolaos Fotopoulos, son of Spyridon Fotopoulos, Vice- Chairman of the Board of Directors and Managing Director – Executive Member

Mr Konstantinos Dimopoulos , son of Nikolaos Dimopoulos, Member of the Board of Directors – Executive Member

Mr Khedaim Abdulla Saeed Faris Alderei, son of Abdulla, Member of the Board of Directors – Non-Executive Member

Mr Georgios Mourelatos, son of Apostolos Mourelatos, Member of the Board of Directors – Independent Non-Executive Member

Mr Andreas Koutoupis son of Georgios Koutoupis, Member of the Board of Directors – Independent Non-Executive Member.

The Board of Directors was convened on nineteen (19) occasions during 2018 and after having confirmed the legal quorum, members were present in person or represented at the meetings.

Brief resumes of the members of the Board of Directors are presented below:

Mr Nikolaos, son of Konstantinos Loulis, Chairman of the Board of Directors – Executive Member

Born in 1986 at Volos; Studied at the Business Administration Department of the Boston College where he majored in accounting, costing and the financial sector; graduated in 2008; since August 2009 he has studied at the Special School for Technical Mills in Switzerland from where he received his diploma in February 2010; speaks English and German.

Mr Nikolaos, son of Spyridon Fotopoulos, Vice- Chairman of the Board of Directors and Managing Director – Executive Member

Born in 1960; Graduated in 1983 from the Tertiary Faculty of Economics and Commercial Sciences in Athens and holds an MBA from Universitaet Mannheim in Germany (1986). In 1992 he was appointed as the Officer in Charge of the Athens branch at the "KYLINDROMYLOS LOULI SA" Company and in 1986 he became the Chief Financial Officer of that Company. Between 1999 and 2004 he served as the Chairman \ and Managing Director of the "SAINT GEORGE MILLS SA" Company (a subsidiary of "LOULIS MILLS SA").

Mr Konstantinos, son of Nikolaos Dimopoulos, Member of the Board of Directors – Executive Member

Born in 1929; held various positions between 1954 and 1988 at the "SAINT GEORGE MILLS SA" Company (1967-1974: Manager of the Thessaloniki branch, 1974-1982: Athens Sales Manager, 1982-1988: Attica Sales Manager). Between 1991 and 2004 he was a member of the Board of Directors for "SAINT GEORGE MILLS SA"

Mr Khedaim Abdulla Saeed Faris Alderei, the son of Abdulla, Member of the Board of Directors – Non-Executive Member

He is a member of the Royal family and government of the United Arab Emirates; he has studied in the USA and Lebanon; He has served as the Deputy Foreign Minister for the United Arab Emirates and has held other senior government positions; he was also the Managing Director of the A/Y Sheikh Hamdan Bin Zayed Al Nahyan Enterprises.

Mr Georgios Mourelatos, son of Apostolos Mourelatos, Member of the Board of Directors – Independent Non-Executive Member

He was born in Patras in 1954; he studied Political and Economic Sciences in Athens; during his career to date in both the Banking and the Food Sector, he has served in middle management and senior positions of responsibility as the Senior Officer of the Central Treasury Management in the Banking Sector, General Manager at SAINT GEORGE MILLS as well as the General Manager of LOULIS GROUP of Companies. He is currently employed as a consultant – internal associate at Eurobank.

Mr Andreas Koutoupis son of Georgios Koutoupis, Member of the Board of Directors – Independent Non-Executive Member.

He was born in 1974. Dr Andreas G. Koutoupis is Chartered and Certified Internal Auditor of the same name Consulting company providing Internal Audit services, Professional Trainer presenting Corporate Governance, Business Risk Management and Internal Audit and Head of Internal Audit Services (Director) of Mazars in Greece for the last 8 years.

He served as a Senior Manager within the Internal Audit Services department of PricewaterhouseCoopers of Greece for more than 10 years.

He owns PhD in Accounting and Auditing – Corporate Governance and Internal Controls, Degree of Master of Science in Internal Auditing and Management (City University Business School, London, UK) and he has been awarded a BSc in Public Administration (Panteion University).

He is Chartered Auditor in Risk Management, The Institute of Internal Auditors, holds an 'A' class Greek Accounting & Tax License, is Chartered Internal Auditor (CMIIA), Certified Internal Controls Auditor (CICA), Certified Internal Auditor (CIA). Moreover, he holds Accreditation in Internal Quality Assessment/ Validation and Certification in Control Self-Assessment (CCSA). Finally, he holds Advanced Diploma in Internal Auditing and Management (MIIA Internal Auditing Qualification, Professional Level), Diploma in Internal Audit Practice (PIIA Internal Auditing Qualification, Practitioner Level) and holds license to practice the profession of economist–Economic Chamber of Greece.

4 Audit Committee

The Company in full compliance of the Provisions and requirements under Law 3693/2008 appointed the Audit Committee at the annual Regular General Assembly of the shareholders that took place on June 13, 2017, which is comprised of the following non-executive members on the Company's Board of Directors:

- 1) **Mr Georgios Mourelatos, son of Apostolos Mourelatos**, Member of the Board of Directors – Independent Non-Executive Member.
- 2) **Mr Khedaim Abdulla Saeed Faris Alderei, the son of Abdulla**, Member of the Board of Directors – Non-Executive Member
- 3) **Mr Andreas Koutoupis son of Georgios Koutoupis**, Member of the Board of Directors – Independent Non-Executive Member.
of Directors.

The responsibilities and duties of the Audit Committee consist of:

- a) Monitoring the financial reporting processes;
- b) Monitoring the effective operation of the internal audit system and the risk management system, as well as monitoring the proper functioning of the Company's internal auditing department;
- c) Monitoring the course of the statutory audit of the Company's financial statements; and
- d) Reviewing and monitoring issues relating to the existence and maintenance of objectivity and independence by the statutory auditor or auditing firm, especially in relation to the provision of other services by the statutory auditor or auditing firm to the Company.

The proposal by the Company's BoD to the General Meeting regarding the appointment of the statutory auditor or auditing firm occurs following to the Audit Committee's recommendation.

The mission of the Audit Committee is to ensure the effectiveness and efficiency of the corporate operations, examine the credibility of the financial reporting that is provided to investors and the Company's shareholders, the Company's compliance to the current legislative and regulatory framework, secure the Company's investments and assets and identify and address the most significant risks.

It should be clarified that the Company's Statutory Auditor that carries out the audit of the annual and interim financial statements does not provide any other non-auditing services to the Company and he is not associated in any other way to the Company, in order to ensure the objectivity, impartiality, and independence of his/her services.

4.1 Audit Committee Activities

4.1.1 Meetings and participation

The Committee convened on seven (6) times during 2018. These meetings were scheduled to coincide with the time of publishing of the Company's Financial Statements.

The internal auditor of the Company and the statutory auditor, Mr. Spirakis Dimitrios had the opportunity to discuss issues with the Audit Committee without the presence of members of the executive management.

4.1.2 Review of the Financial Results

The Audit Committee supervises and evaluates the procedures for preparing the Company's periodical and annual Financial Statements in accordance with the applicable accounting standards and examines the reports by the external auditors in relation to deviations from the current accounting practices and audit standards. In particular, the Audit Committee re-examined the main evaluations and judgements that significantly affect the financial results, the main issues pertaining to disclosure and presentation, in order to ensure the completeness, clarity and adequacy of the information disclosed in the Financial Statements, prior to their submission to the Board of Directors.

4.1.3 External audit

Independence

The Audit Committee is responsible for developing, implementing and auditing the Company's procedures in relation to the external audit. These procedures have been designed with a view to ensuring the independence and objectivity of the external auditors and determining the appropriate framework for the movement of staff from the Audit Company to the Company's branches. They, also, determine the required actions if non-auditing services are provided by the external auditor.

In principle, the external auditors are excluded from providing consulting services and cannot be employed at LOULIS MILLS SA in a non-auditing position, unless there are compelling reasons. Any recommendation for engaging external auditors in non-auditing activities must be approved by the Audit Committee prior to their assignment.

The Audit Committee annually receives a confirmation from the statutory auditor in relation to the independence and objectivity of the external auditors, as required on the basis of the professional standards and regulatory provisions, as well as confirmation regarding senior Management's compliance with the Company's instructions regarding the engagement of former external auditors by the Company or their employment in non-auditing projects.

Effectiveness and revision

The Audit Committee has undertaken the annual revision of the experience, available resources and the independence of the external auditors, as well as the evaluation of the effectiveness of the auditing procedures that were applied to:

- a) The review and approval of the audit plan by the statutory auditor regarding the financial statements for 2017, the terms included in the engagement letter and the preferred auditing fees;
- b) Conducting interviews with Management and other management executives, as well as the statutory auditor with respect to ensuring the independence, objectivity and integrity of the external auditors and defining the audit strategy and cooperation with the Company; and

c) Obtaining information from the statutory auditor with respect to the procedures that ensure the independence and the quality of the audit.

Concerning the proposal to the Board of Directors for renewing the cooperation for one year with the statutory auditor, the Audit Committee considered the auditor's tenure and examined the need to conduct a full bidding process. There were no contractual obligations that would restrict the decision by the Audit Committee in relation to the selection of the external auditors.

4.1.4 Internal audit

During 2018 the Audit Committee:

- a) Reviewed the outcome of the audits that were carried out by the Internal Audit Department and evaluated Management's response to the brought-up issues such as, inter alia, the implementation of any recommendations made;
- b) Reviewed and approved the internal audit plan for 2019, including the recommended audit approach, the coverage extent and allocation of resources;
- c) Reviewed the effectiveness of the internal audit after having taken into account the opinions of the Board of Directors and other senior management executives on issues such as independence, adequacy of resources and vocational training, strategy, planning and the methodology for the internal audit; and
- d) Reviewed the periodical reports regarding the significant internal controls as well as the details for any taken remedial action.

The Internal Audit Department constitutes an independent operation that ensures that all operations of the Company are carried out in accordance with the corporate objectives, policies and procedures. Specifically, the Internal Audit aims to ensure the credibility and stability of the financial audit internal controls within the full scope of the Company's activities.

The Internal Auditor acts in accordance with the International Standards for the Professional Practice of Internal Auditing and the Company's policies and procedures and reports directly to the BoD Audit Committee.

I. Significant transactions between the Company and Related Parties

The cumulative amounts for sales and purchases from the beginning of the current period and the balances of the Company's receivables and liabilities accounts at the end of the current period, which have resulted from its transactions with related parties, as per IAS 24, are as follows:

	Group - 2018			
	Sales of Good and Services	Purchases of Goods and Services	Receivables	Liabilities
Associates	0	0	0	0
Executives and Members of the Management	0	0	145.372	26

Total:	0	0	145.372	26
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Company - 2018

	Sales of Good and Services	Purchases of Goods and Services	Receivables	Liabilities
Kenfood SA (former Nutribakes S.A.)	144.487	885.688	200.000	28.753
Greek Baking School S.A.	8.400	43.050	0	0
Loulis Logistics Services S.A.	480	0	0	0
Grinco Holdings Ltd.	0	0	0	0
Loulis International Foods Enterprises Bulgaria Ltd.	0	0	0	0
Loulis Mel-Bulgaria EAD	18.689	1.034.792	2.612.889	0
Associates	0	0	0	0
Executives and Members of the Management	0	0	464	26
Total:	172.056	1.963.530	2.813.353	28.779

Group - 2017

	Sales of Good and Services	Purchases of Goods and Services	Receivables	Liabilities
Associates	0	0	0	0
Executives and Members of the Management	0	0	97.398	0
Total:	0	0	97.398	0

Company - 2017

	Sales of Good and Services	Purchases of Goods and Services	Receivables	Liabilities
Kenfood SA (former Nutribakes S.A.)	39.361	861.204	206.594	0
Greek Baking School S.A.	8.925	26.100	0	0
Loulis Logistics Services S.A.	480	0	0	0
Grinco Holdings Ltd.	0	0	0	0
Lafco Leader Asian Food Company Ltd.	0	0	0	0
Loulis International Foods Enterprises Bulgaria Ltd.	0	0	0	0
Loulis Mel-Bulgaria EAD	17.934	2.069.141	0	33.462
Associates	0	0	0	0
Executives and Members of the Management	0	0	0	0
Total:	66.700	2.956.445	206.594	33.462

Fees of Executives and Members of the Management

Group		Company	
2018	2017	2018	2017

Salaries and Other Fees	909.432	894.143	629.664	585.805
Total:	909.432	894.143	629.664	585.805

There are no other significant transactions with the associated companies for 2018.

J. Events that have occurred up to the date of the Financial Statements' preparation

The most significant events that took place subsequently of December 31, 2018 and till the date of the Financial Statements' preparation which should be disclosed within the current Financial Statements, are as follows:

Issuance of a bond loan

On January 14, 2019 the Company proceeded with the issuing of a bond loan of a total amount of € 3 million in order to meet its working capital needs. The bond loan is of two years duration and was issued in association with Alpha Bank S.A.

JA. Information pursuant to Article 16 of Law 2190/1920 for acquired own shares (treasury shares)

The Company, on December 31, 2018, did not possess any own shares.

JB. Explanatory Report of the Board of Directors (pursuant to paragraphs 7 & 8 article 4 of law N.3556/2007)

This Explanatory Report of the Board of Directors to the Annual General Meeting of shareholders includes detailed information in accordance with the provisions of paragraph 1 of article 11a pursuant to Law 3371/2005 as in force.

1. Share Capital Structure. The Company's share capital amounts € 16.093.063,20, divided into 17.120.280 shares with the nominal value of € 0,94 per each. All shares are ordinary, registered, voting shares, listed for trading on the Athens Exchange and particularly in the Mid Cap class.

2. Restrictions on the transfer of Company's shares. There are no restrictions in the Articles of Association regarding the transfer of the company shares, except of those declared by Law.

3. Significant direct or indirect participations according to articles 9-11 of Law 3556/2007. On settlement date 19/04/2019 Mr. Loulis Nikolaos holds 48,47%, Ms Evangelia Louli holds 6,86%, and AGRICULTURE DAHRA AL SPAIN SLU 20,01% of the share capital of the Company. There is no other natural or legal person that owns more than 5% of the share capital.

4. Holders any type of share providing special rights of control. There are no any Company's shares, providing their holders with any special control rights.

5. Restrictions on voting rights. There are no restrictions in the Articles of Association regarding voting rights.

6. Agreements between Company's shareholders. The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of its shares or the exercise of voting rights.

7. Rules of appointment and replacement of members of the Board of Directors and amendment of Articles of Association which are differentiated from the ones specified in Codified Law 2190/1920.

The rules set out in the Company's Articles of Association regarding the appointment and replacement of its BoD members as well as the amendment of its Articles of Association do not differ from the provisions of the Codified Law 2190/1920 and its amendments.

8. Responsibility of the Board of Directors or specific Board members to issue new shares or purchase own shares.

According to the provisions of article 6 of Company's Articles of Association, by decision of General Meeting, in accordance to the publicity formalities of Article 7b of Law 2190/1920, as applicable, the right to increase the share capital by issuing new shares may be assigned to the Board of Directors, with decision that will be taken by a majority of two thirds (2/3) of all members. The amount of the increases cannot exceed the amount of the share capital paid at the date of the relevant decision of the General Meeting. In accordance with the provisions of the paragraphs 5-13 of Article 16 of Codified Law 2190/1920, the companies listed on the Athens Stock Exchange following a decision of the General Meetings of their shareholders can acquire own shares, up to 10% of their total number of shares, through the Athens Stock Exchange in order to support their stock-market value based on the specific terms and procedures of the paragraphs mentioned above of article 16 of Codified Law 2190/1920. There is no any contrary provision in the Company's Articles of Association.

9. Important agreement made by the Company, which will come into effect, be amended or expire upon any changes in the Company's control following a public offer and the results of this agreement. There are no such agreements.

10. Agreements made between the Company and its BoD members or its personnel, regarding compensation in case of resignation or release from duties without substantiated reason or in case of termination of their term or employment due to a public offer.

There are no agreements between the Company and the members of its Board of Directors or its personnel for the payment of compensation particularly in the event of resignation or termination of employment without reasonable grounds, or termination of tenure or employment due to public offer.

JC. Corporate Social Responsibility

The annual Corporate Social Responsibility Report by Loulis Mills S.A., based on the Global Reporting Initiative (GRI) guidelines and particularly according to the new GRI Standards, will be accessible to the public and posted on the Internet.

The Chairman of the Board of Directors

Nikolaos Loulis

Soupri, Magnesias, 22 April 2019

The Board of Directors