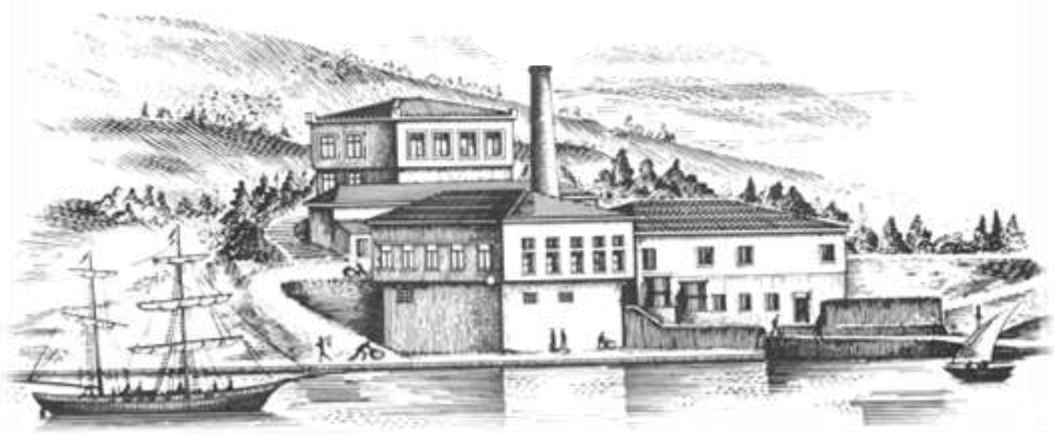
PAPOUTSANIS S.A.

CONDENSED ANNUAL FINANCIAL REPORT

Financial Year 2021

(1st of January – 31st of December 2021)



In accordance with Article 4 of Law 3556/2007 and the relevant executing decisions of the Board of Directors of the Hellenic Capital Market Commission

Consumer Goods Industrial and Commercial Societe Anonyme Companies

General Commercial Register No 121914222000

71th klm of Athens-Lamia National Road, Vathy Avlida, 34100 Chalkida

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A. STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLE 4(2)(c) OF LAW 3556/2007

In accordance with Law 3556/2007 on the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and other provisions, we, the undersigned, declare that to the best of our knowledge:

1. The Annual Financial Statements for the year 2021 (01.01.2021 - 31.12.2021), which were prepared according to the applicable accounting standards, give a true view of the assets and liabilities, net worth and profit and loss statement of PAPOUTSANIS SA, pursuant to the provisions of Law 3556/2007.

2. The Annual Management Report of the Board of Directors of PAPOUTSANIS SA gives a true view of the information required under Law 3556/2007.

Vathi, Avlida, March 10th 2022

Chairman of the BOD	CEO	MEMBER OF THE BOD
GEORGE GATZAROS	MENELAOS TASSOPOULOS	MARY ISKALATIAN

B. REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY IN ACCORDANCE WITH ARTICLES 150 and 153 of Law 4548/2018 and ARTICLE 4. PARA. 6 AND 7 OF LAW 3556/2007

The Board of Directors of Papoutsanis SA (the Company) presents the Annual Management Report on the Annual Financial Statements for the year ended 31 December 2021, which has been prepared in accordance with the relevant provisions of applicable Law 4548/2018, Law 3556/2007 and the implementing decisions of the Board of Directors of the Hellenic Capital Market Commission issued on its authority. This report constitutes a single report within the meaning of Article 153 para. 4 Law 4548/2018.

The aforementioned Financial Statements have been prepared in accordance with International Financial Reporting Standards.

1. Recent Company Developments and Overall Performance within the reporting period

Revenue

In 2021, the consolidated revenue amounted to 54.8 million Euro compared to 40.8 million Euro in 2020, representing an increase of 34.1%.
The increase in revenue is attributed to the excellent performance achieved by the company's operating activities as a whole.

It should be noted that since the beginning of 2021, the Company directly serves the major retail chains. This development led to a corresponding change in the pricing method, resulting in an increase in reported revenue of 2.1 million Euro compared to 2020 and a corresponding increase in selling expenses. Without considering the previous impact, revenue would have amounted to 52.6 million Euro and selling expenses to 5.2 million Euro.

Papoutsanis exports significantly increased by 70% compared to 2020 and amounted to 34 million Euro, representing 62% of total revenue.

Sales of branded products sold in Greece and abroad contribute 21% of total sales, sales to the hotel market contribute 13% of total sales, production for third parties contribute 49% of total sales and sales of industrial soap contribute 17% of total sales
.

Revenue per product category is presenting below, compared to the previous financial year:

- <u>Branded Products:</u> There was a 12% increase in sales in 2021 compared to 2020, a year in which this category had benefited significantly from increased sales of antiseptics as a consequence of the COVID-19 pandemic. In 2021, the position of branded products (Karavaki, Natura, Aromatics, etc.) in the major retail chains was strengthened, while market share grew significantly. Specifically, Papoutsanis remained the first in consumer preference in the solid soap and antiseptic/disinfectant categories, while also growing dynamically in cream soap, claiming the second position. Finally, Papoutsanis significantly strengthened its presence in major categories, such as shower gel, by launching new, modern ranges and proposals.

- Hotel Products: There was a 126% increase in sales compared to 2020. This category was boosted by the partial recovery of the hotel market in Greece and abroad in 2021. Especially in the last quarter, exports were significantly higher due to the start of new agreements with international retail chains, agreements that had already been concluded in 2019 but, due to the pandemic, were delayed.

- Third party products (industrial sales, private label): sales increased by 24% compared to 2020. The increase was driven by the significant further strengthening of partnerships with multinational companies for their products, the development of the customer base and the continuous expansion of the product range offered by Papoutsanis.

- Industrial soap sales: There was a 62% increase in 2021 in this category, which mainly involves exports. The growth is due to Papoutsanis' consolidation as one of the key suppliers of special soap masses in the international market, the expansion of its customer base as well as the continuous strengthening of the product range offered. At the same time, the launch of synthetic soap masses, which are innovative products with a particularly positive environmental footprint and increased added value, is expected to further strengthen the category

Gross Profit

Consolidated gross profit in financial year 2021 has been positively impacted due to increased sales, amounted to 17.8 million Euro compared to 13.1 million Euro in previous year providing an increase of 36%. Gross margin improved to 32.5% compared to 32.0% in 2020.

Operating expenses

The Group's selling, administration, research and development expenses amounted to 11.4 million Euro in financial year 2021 compared to 6.9 million Euro (in 2020), representing an increase of 66%, due to variable costs in relation to revenue and the aforementioned change. Excluding this change, operating expenses increased by 36% compared to the previous financial year.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation, and amortization amounted to 8.3 million Euro compared to 7.6 million Euro in 2020.

Financial Results

Consolidated profit before tax amounted to 6.1 million Euro, compared to a profit of 5.3 million Euro in 2020, while profit after tax amounted to 4.9 million Euro compared to 3.9 million Euro profit in 2020.

Operating cash flow

The Group's operating cash flow was positive, amounted to 8.9 million Euro, compared to 5.3 million Euro in 2020, and represents an increase of 67%.

Borrowing

The Group's and the Company's net borrowing (bank loans less Cash and Cash equivalents) amounted to 10.3 million Euro (compared to 8.2 million Euro in 2020), corresponding to 19% of the Company's consolidated revenue (compared to 20% in 2020) and 16% of its total assets.

Tangible and Intangibles Assets

Net book Value of tangible and intangible assets amounted to 39.8 million Euro on 31/12/2021 compared to 32.6 million Euro in 2020.

Liabilities to Equity Ratio

The total liabilities to equity ratio was 1.52 on 31/12/2021 compared to 1.37 on 31/12/2020.

Working capital

Working capital (current assets minus current liabilities) on 31/12/2021 amounts to 3.3 million Euro, compared to 4.4 million Euro on 31/12/2020.

Alternative Performance Measures (APMs)

The Group uses Alternative Performance Measurements ("APM") in decision-making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These APMs serve to better understand the financial and operating results of the Group, its financial position and the cash flow statement. Alternative indicators ("APM") should always be taken into account in conjunction with the financial results prepared in accordance with IFRS and under no circumstances replace them.

GROUP and COMPANY	2021	2020
Liquidity		
(Current assets / Current liabilities) X 100	116%	131%
The ratio reflects the coverage of current liabilities by total current assets		
Inventory Turnover		
(Inventory / Cost of sales) X 365 days	71	98

The ratio reflects the average number of days that the Company's inventory is held in stock.		
Receivables Turnover		
(Trade Receivables / Sales) X 365 days	50	42
The ratio reflects the average number of days in which the company's receivables are collected.		
Trade Creditors to Purchases		
(Suppliers / Cost of sales) X 365 days	122	105
The ratio reflects the average number of days in which the Company's trade short-term liabilities are repaid.		
Gross Profit Margin		
(Gross Profit / Sales) X 100	32.5%	32.0%
The ratio reflect gross profit as a percentage of sales		
Net Profit Margin		
(Net Profit / Sales) X 100	9.0%	9.6%
The ratio reflects net profit after tax as a percentage of sales.		
Capital Ratio		
(Debt Capital/Equity) X 100	152%	132%
The ratio reflects the value of Liabilities (current and long-term) as a percentage of equity.		
Net Borrowing		
Long-term Loans + Short-term Loans - Cash and cash equivalents	10,310,948	8,238,714

2. Other important information for the year ended 31 December 2021

Properties of the Group

The change in the Group's properties relates to the purchase of two parcels of land with a total surface area of 6,440 m^2. The overview of the properties is presented in the following table:

ADDRESS	AREA (in m^2)	USE
Land parcel in Ritsona, Evia (on which the factory is located)	36,516	Self-used
Land parcel in Ritsona, Evia	4,888	Self-used
Land parcel in Ritsona, Evia	2,920	Self-used
Land parcel in Ritsona, Evia	2,898	Self-used
Land parcel in Ritsona, Evia	868	Self-used

Land parcel in Ritsona, Evia	8,406	Self-used
Main facilities in Ritsona, Evia	9,672	Self-used
Facilities in Ritsona, Evia	3,046	Self-used
Land in Evia Prefecture	141,692	Investment in immovable property held for capital injection
Land parcel in Ritsona, Evia (addition 2021)	2,416	Self-used
Land parcel in Ritsona, Evia (addition 2021)	4,023	Self-used

As part of its investment plan, the Company is implementing the expansion and automation of its storage facilities at its premises in Ritsona. The project is expected to be completed within the first half of 2022.

There are no encumbrances on the Group's properties.

Research and Development Activities

The Company's Research and Development department is crucial for the growth of the Company's business. To this end, the Company systematically invests in equipment, integrates specialized staff into the team and obtains the most appropriate certifications.

The Research and Development team is active in the development of various products, solid soaps and liquid cosmetics, with a strong emphasis on sustainability as expressed through the use of natural raw materials, the development of corresponding natural formulas, vertical production of the required packaging materials (bottles and caps) using recycled and recyclable raw materials to the extent possible, and finally obtaining the relevant certifications. These products, as they respond to current and/or anticipated consumer trends, are available to the company for its branded products and to third-party customers for the development of their own products.

Examples of these are cosmetics in solid form (body creams, shampoos, conditioners) and synthetic soap bases (syndet) as part of the effort to reduce the use of plastic and water content with a corresponding reduction in the carbon footprint. Other examples are melt and pour soap bases, liquid olive oil soaps, hot fill technology etc. or products in different shapes acknowledging the trend for new and original forms of packaging.

Branches

The company does not have any branches.

3. Risks and uncertainties

Macroeconomic environment

For the year 2022, it is estimated that the impact of the pandemic will be reduced, therefore leading to an increase in tourist activity both in Greece and abroad. On the contrary, the latest developments in Ukraine are likely to have a negative impact on tourism and on the price of energy, especially if they are prolonged for an extended period of time. Moreover, already since the middle of last year, prices for materials have been hovering at a very high level compared to 2020. The outcome of these developments and the possible consequences cannot be predicted. The Company's Management closely monitors developments and adjusts the required actions accordingly, wherever possible.

Risk of price variation

The main raw materials used in production are vegetable oils, their chemical derivatives, and animal fat. Various types of plastics are used to produce packaging. The price of these fluctuates according to supply and demand in the global market, since most are exchange traded products.

Already from 2021, and more so recently due to the turbulence in the regions of Ukraine and Russia, the prices of raw materials have been fluctuating at particularly high levels.

These revaluations entail the risk of a negative impact on the Company's profitability margins. The Company addresses these risks in the following ways:

- by passing on, to the extent possible, the corresponding increases in the final products,
- through an organized program to reduce production and distribution costs supported through the finalization of most of the related investments underway,
- and finally, in cooperation with its customers and supported by the Research and Development department, redesigning, where feasible, the various products manufactured in order to reduce their cost.

The Company annually seeks out and ultimately uses the supplier that provides the best price, reducing the risk of dependency. In addition, it monitors the prices of raw materials on a continuous basis and enters into relevant agreements with its suppliers.

No derivatives are used to mitigate the risk, while when it is deemed advantageous, the company enters into longer-term agreements for the supply of some of its essential raw materials.

Credit risk

Credit risk arises mainly from receivables from customers. To address this risk, the Company maintains a credit insurance policy, continuously monitors the financial situation of its debtors, and takes the necessary actions based on its credit policy to reduce this risk. Bad debt incurred in financial year 2021 is less than 0.1% of revenue.

Interest rate and currency risk

The financial cost of all of the Company's bank lending is variable based on Euribor. Bank lending is exclusively in Euro. Management believes that there are no significant risks from a possible change in interest rates, while the impact on the company's credit rating from borrowing costs is limited.

The company has entered into a partial offset against the risk of an increase in Euribor.

Risk sensitivity analysis

The table below shows the sensitivity impact on profit/loss, upon the change of interest rate by 0,5%.

	2021	2020
Sensitivity	77,000	61,000

The Company has limited foreign currency transactions. There are no significant assets and liabilities in currencies other than Euro. Therefore, there are no circumstances that could expose it to a high currency risk.

Liquidity risk - cash flow risk
Liquidity risk management includes ensuring the availability of sufficient cash and cash equivalents, as well as ensuring creditworthiness through the availability of adequate credit limits from cooperating banks.

According to the present financial statements, the Group has positive working capital, positive cash flows from operating activities and therefore has no significant liquidity risk. Its net debt at the end of 2021 amounted to 10.3 million Euro compared to 8.2 million Euro on 31/12/2020, representing 19% of revenue.

Liquidity needs are monitored by the Company on a daily and weekly basis, as well as on a 6-month rolling period.

Going Concern Risk
Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, matters related to the going concern. The assessment made did not reveal any events or circumstances or relevant business risks that could cast serious doubt on the company's ability to continue as a going concern in the next financial year.

4. Significant events after the end of the financial year until the date of the Financial Statements release.

Recent geopolitical events in Ukraine have caused uncertainty in global markets. The Company does not operate in Ukraine or Russia, and revenue derived from these countries is very limited.

5. Objectives and future opportunities

Over the past five years, Papoutsanis has tripled its revenue, having made significant investments in all four categories in which it is active. In this context, the Papoutsanis factory is today one of the largest vertically integrated soap and hotel cosmetics manufacturing plants in Europe with a very high level of automation and, therefore, competitive costs.

Until recent geopolitical developments, it was thought that 2022 would be a very good year for tourism, both in Greece and abroad, given the diminishing impact of the pandemic, which is coming to an end. On the contrary, already from mid-2021, the great discontinuity caused by the pandemic in primary and secondary production, labor availability, transport, and logistics in general, resulted in the prices of materials climbing continuously compared to 2020. Unfavored trends due to the latest developments in the wider Ukraine region, resulting highest the energy prices. At this end, it is practically impossible to assess the outcome of broader geopolitical developments and therefore the ultimate impact on the economy in general. Papoutsanis Management closely monitors developments and acts accordingly.

Assuming that the overall geopolitical situation will not deteriorate further, a satisfactory rate of growth comparable to that of recent years is expected to be achieved also in 2022.

More specifically:

- The branded products category is expected to be reinforced through enrichment of the product range, expansion into new categories, strengthening of in-store availability and the dynamic promotional plan envisaged for 2022.
- The hotel products sector is expected to recover at least to 2019 levels, as the impact of the pandemic has been significantly reduced.
- Manufacturing of products for third parties, mainly multinational companies, is expected to increase further, as collaborations in new products and with new customers are expanding
- Finally, the category of soap bases is expected to continue to grow through the expansion of existing partnerships and the establishment of new ones. Synthetic soap bases are helpful to this end, as is Papoutsanis' ability to meet the needs of the European market for more basic soap bases that cannot be supplied by Malaysia and Indonesia due to high transport costs, long delays, and other constraints.

At the same time, Papoutsanis has implemented most of its investment plan aimed at increasing productivity, manufacturing new innovative products and expanding storage facilities, actions which will contribute to the reduction of operating costs.

6. Transactions with related parties

A) Intercompany transactions

Transactions with related parties are presented as follows:

	COMPANY	
	1.1-31.12.2021	**1.1-31.12.2020**
Revenues		
PAPOUTSANIS Sp. Z o.o.	-	-
Total	-	-
Expenses	-	-
PAPOUTSANIS Sp. Z o.o.	-	24,265

Total	**-**	**24,265**

b) Intercompany balances

There are no intercompany balances.

c) Transactions with key executive directors and Management members

	01.01-31.12.2021	**01.01-31.12.2020**
Executive members of the Board and senior management fees (on the basis of a special employment relationship)	671,497	673,699
Fees for law firm controlled by a relative of an executive member of the Board	-	44,445
Non-executive members of the Board fees	44,963	41,400
	716,460	**759,544**

d) Receivables and liabilities for executive directors and Management members.

	GROUP and COMPANY	
	31.12.2021	**31.12.2020**
Liabilities to executive directors and management members after rendering of accounts	354	3,277
Liabilities to executive directors and management members (from remuneration)	70,562	147,200

e) Balance retained by shareholders

There is no balance retained by shareholders.

7. Description of the policies applied by the Company relating to the environment, Corporate Social Responsibility and employment.

7.1 Environmental issues

A. Company's actual and potential impact on the environment

The respect and protection of natural environment are the cornerstone of the philosophy of Papoutsanis S.A. For this reason, our Company has in place an environmental policy to ensure its compliance with European and national environmental laws relating to its plant's operation and energy consumption.

In particular, our Company's environmental policy is firmly grounded on the following principles:

Compliance with applicable legislation
The Company's operations fully comply with existing European and national environmental legislation, while always respecting the emission limits set by the decision approving the environmental conditions issued for our facilities.

Responsible operation
The company is fully aware of the environmental impact of the production process and takes all necessary measures to minimize it, as well as appropriate measures to prevent environmental hazards.

Collaboration with accredited contractors
The Company's partners in waste management (collection, transport, recovery, disposal) hold all the necessary licenses and follow sound management practices, as stipulated by the relevant laws.

Continuous improvement
The Company constantly strives to improve its environmental performance and reduce the environmental footprint of its operations.

Transparency
The Company has engaged in an open dialogue on environmental issues with all its shareholders, governmental and non-governmental organisations, academic institutions, local communities and the society at large.

Training
The Company's personnel is kept up to date and is actively engaged in environmental management issues, as the Company's objectives can only be attained through the involvement of all employees.

With that in mind, our Company:

- Has modernised the Company's equipment.

- 99% of the electricity consumed comes from Renewable Energy Sources.
- Uses recycled materials in the packaging of finished products.
- Takes measures to prevent any kind of environmental pollution.
- Has put a recycling programme in place together with licensed solid waste management companies.
- Follows a waste sorting process throughout the production process.
- Complies with standards relating to environmental factors set by the applicable legal framework and subcontracts analyses performance to accredited laboratories.
- The Company has a liquid waste treatment facility.

Moreover, the Papoutsanis Company is bound by the Code of Conduct and Business Ethics to reduce its environmental footprint from its operations and business activities. Through initiatives and the continuous improvement in environmental management issues, the Company contributes to the protection of the environment and quality of life all around its facilities. It is also committed to fully comply with all applicable environmental laws, including obtaining and retaining all licenses and approvals required for its business, correct handling, storage and disposal of materials in accordance with pertinent laws, as well as submitting in a timely manner the requested accurate reports to the competent state agencies.
As part of the materiality analysis carried out by the Company in 2021, the following environmental issues stood out as vital sustainable development issues:

Energy and greenhouse emissions

The Company uses practices in order to reduce its environmental footprint. Working toward that goal, it implements actions to save energy.

- Electricity consumption coming mainly from RES
- Gradually transitioning its passenger vehicle fleet to fully electric vehicles.
- Filing an application for the installation of PV systems.
- Insulating steam pipes.
- Installing new insulated tanks for raw material storage.
- Automating production of cosmetic and soap bases to ensure better management of raw materials and more effective control of processes.
- Purchasing new equipment and high energy efficiency machines for moulding and packaging.

The Company's building infrastructure, including offices and production units, uses energy from direct and indirect sources. Its production units account for the largest part of the Company's energy consumption. In particular, gas is the main source of energy for saponification. The other activities are powered by electricity and, in power outages, they run on back-up oil generators.

As part of the continuous control of our energy performance, we systematically monitor our consumption through monthly reports issued by electricity and gas suppliers.

Water resources management

Water is an integral part of the Company's production process, and is used not only in production but also for cleaning, washing and disinfecting machinery. The water used in all units comes from a well and is temporarily stored in tanks, which ensure continuous water supply and water independence.

Our Company acknowledges that the operation of our factory and our entire production process has an impact on water resources, relating mainly with water consumption.

To overcome this, the factory has an installed reverse osmosis unit to treat the water it uses for production. To save water, another reverse osmosis unit was added, which uses wastewater from the first unit to produce water for the boiler room.
In addition, having understood the importance of effective water management and consumption reduction, we have automated the production of cosmetic bases for better productivity and water and material management. By the same token, our production has an automated Clean-in-Place (CIP) system, in order to reduce water consumption.

Raw materials and packaging materials

Raw materials and packaging materials used for the production and packaging of a product are a determining factor for its quality, safety, as well as its environmental and social footprint. This has driven many industries, including soap and cosmetics manufacturers, to shift to more sustainable solutions using raw materials certified according to international environmental and social standards, as well as recycled and recyclable packaging materials that reduce the negative effects of products on the environment.

To reach that goal and in accordance with its quality assurance policy, Papoutsanis invests in the creation of innovative products, including their packaging,
produced from responsibly sourced raw materials. Essential raw materials used in the Company's production process are various types of oils, chemicals, perfumes, and paper and plastic for the production of packaging.

Raw material certifications

Soap production requires a large quantity of various oils, therefore, the Company is a member of, and holds a certification from, RSPO (Roundtable on Sustainable Palm Oil). The RSPO is a global initiative undertaken by shareholders in the palm oil supply chain to further the palm oil’s environmental and social sustainability. The Company is also a member of the GreenPalm programme which is part of the same initiative.

Additionally, the Company sells cosmetics approved by ECOCERT (COSMOS ORGANIC and COSMOS CERTIFIED), which are produced using natural and organic raw materials. At the same time, Papoutsanis avoids sourcing of raw materials with substances harmful to human health and environment (e.g. Parabens, Triclosan, etc.), whereas most of the raw materials used do not contain animal origin ingredients, thus ensuring Vegan product certification.

Packaging materials

The Company monitors developments in the field of packaging materials with recycled materials and is a pioneer in the testing and implementation of such environmentally friendly packaging materials. For instance, the Company supplies cartons made from recycled packaging materials to store products sent to its customers.
Regarding raw materials for the production of product packaging, materials used are made from recycled and recyclable PET (Polyethylene terephthalate), PE (Polyethylene) and PP (Polypropylene). No PVC (Polyvinyl Chloride) is used.
This allows us to reduce the production of new plastic while also recycling old plastic to new. Moreover, product packaging is a key component of the Company's marketing strategy, as it provides the necessary information about the products and their quality. Packaging also ensures proper protection of products during transport and storage.

Selection procedure and criteria for suppliers of raw materials and packaging materials
Papoutsanis follows strictly the Company’s Code of Conduct, which it makes sure to send to prospective suppliers and subcontractors encouraging them to abide by it for as long as they are working for the Company. The overall supervision of the supply chain procedures has been entrusted to the Company's procurement department. Subcontractors are selected on the basis of criteria such as the quality of infrastructure and services provided by the candidates. The establishment of long-term business relationships is directly associated with the fulfilment of those criteria.

Solid waste and packaging waste

Papoutsanis is firmly committed to limiting and reducing the Company's environmental footprint, as well as fully complying with applicable laws on waste management, storage, transportation, recycling and disposal.
Acknowledging that the environment and human health could be harmed from the non-responsible management of solid waste generated from the Company’s activity, Papoutsanis applies a waste sorting process for all waste generated by its offices and production process and subcontracts their collection and processing to licensed companies. Our Company’s partners in waste management (collection, transport, recovery, disposal) hold all the necessary licenses and follow sound management practices, as stipulated by relevant laws.
Our product packaging is properly designed to maintain product quality and reduce our environmental footprint. Packaging design is based on reducing the plastic used, without however compromising safety and quality of our products. In terms of packaging waste, the plastics department reuses and recycles wasted raw material coming out of the soap crusher machine, thus reducing waste production and helping to conserve natural resources.

LABOUR MATTERS

Respecting employee rights

Our Company considers diversity to be a fundamental right of its employees and a source of the Company's strength. This principle underpins the Company's adherence to equal opportunities and fights against discrimination through selection, appointment and compensation of all people employed or working for the Company on the basis of their qualifications and suitability for the job to be performed and not on the basis of race, religion, ethnicity, citizenship, colour, sex, age, nationality, sexual orientation, marital status, physical disability, or any other characteristics. The Company also prohibits sexual or other type of harassment of its employees by anyone in the workplace.

Papoutsanis promotes a work environment that respects and protects human rights. It also keeps a close eye on labour law developments, including references to child labour and respect of human rights, and it complies fully with the relevant provisions.

The Company relies heavily on its Code for Conduct and is committed to complying with current legislation regarding child labour. More specifically, child labour in Greece is defined as employment of any person under the age of fifteen (15) years, however, the Company is committed to abstain from employing persons younger than sixteen (16) years old.

Furthermore, Papoutsanis encourages the reporting of human rights violations, as well as the lodging of complaints of any other nature that may arise in the workplace, through the complaint box that has been placed on the premises of the Company's production facilities.

The essential issues related to the broader socio-economic effects of the Company in Sustainable Development include the following:

- Consumer Health & Safety
- Employee employment, training and development
- Health and safety at work
- Human rights and equal opportunity
- Financial performance

Employee employment, training and development

Papoutsanis keeps a close eye on all developments in labour laws and makes sure to adhere to them. The basis of its approach in the matter of labour is described in detail in the Code of Conduct of the Company, which can be found on its website.
More specifically, the Company has developed and applies a number of processes on the management of employment and employee training by its human resources department. In particular, the following processes are applied:

- Employee induction plan.
- Interview, hire and laying off processes.
- Evaluation process, held once a year.
- Training and personal development process.

- Process for supplying the personnel with Company products.

Prospective employees can apply through our website, which is connected to an online management system used by the human resources department. Available posts are published in most recruitment networks simultaneously.

Once candidate screening has been completed, an interview process follows which has three stages. Each candidate is selected based on merit and is treated equally with transparency. Candidates are evaluated using predefined objective criteria, on the basis of merit, and evaluation standards.

To ensure the development and improvement of employee skills, the Company provides training on an ongoing basis as soon as an employee is hired and works for the Company on topics that concern both their own role and the legal obligations of the Company (e.g. antiseptic preparation training, GDPR regulation training, handling and storage of hazardous materials), as well as additional skills (e.g. positive leadership, verbal, non-verbal communication, sound knowledge of business English, Coaching for Executives), which arise after completion of its annual evaluation.

Training is focused on current tasks, the business' needs and the future development of its people. Training is vital in our Company as without training the Company's goals would be unattainable. It is considered a serious activity that helps shape the Company's future. The training strategy followed refers to personal development through opportunities to grow personality, adjustment to work demands and placing emphasis on the persons' leadership skills. Trainings are held either internally by the Company's skilled staff or through educational centers in the form of seminars or long-term training programmes. Training stages are:

1. Identifying knowledge and skills required
2. Identifying current levels of knowledge
3. Diagnosing training needs and preparing a suitable programme
4. Preparing training methods and providing time and place of training
5. Evaluating employees after the training has been completed to ascertain knowledge or skills obtained in their field of work.

Regarding benefits to employees, the Company provides for the following list of benefits offered to the entire staff regardless of their employment status:

- Private insurance scheme.
- Daily meals to every employee.
- Special allowances.
- Staff transportation.
- Gifts for children of employees / Christmas party.
- Awards to children of employees for their successful admission in Universities/Technological Educational Institutes.

- Free distribution of products to the entire staff.

Health and safety at work

As underlined in the Company's health and safety policy, the protection of all its employees and subcontractors, as well as full compliance with the applicable laws on health and safety, is the Company's top priority.

Company employees and subcontractors ought to respect and comply with the policies and health and safety standards set by the Company. These include not only obligations arising from the law but also best industry practices, so as to safeguard a healthy and safe working environment that cares for customers and guests in its facilities. Some of these practices include:

- Providing information and training to its human resources so that they can carry out their duties effectively, to contractors, for whom specific security measures are applied, as defined by a specific procedure, and to others who work for the Company, to ensure their commitment and awareness. In this context, it is emphasised that all new employees while on their introductory training are made aware of the Company's safety rules, as well as the personal protection measures for work in production. In addition, they are informed about the maintenance of emergency systems and plans, which are monitored through regular exercises.
- The integration of issues related to health, safety and environmental protection in its operational decisions, plans and operation of its facilities, within a Single Management System.
- Goal setting to continuously improve systems of health, safety and environmental management.
- The assessment of risks pertaining to Company operations or the activities of the Company's contractors, and their elimination or reduction to permissible levels.

In addition, the Company's health and safety policy includes:

- Monitoring the observance of the above practices in all workplaces.
- Ensuring availability of necessary resources.
- Evaluating and reporting its performance in safety matters.
- Performing checks for the application of pertinent standards and procedures.

The policy is evaluated and reviewed if necessary in regular intervals. To manage the health and safety of employees, our Company cooperates with an external associate who ensures there is a Safety Technician and Occupational Doctor to deal with proactive issues on personnel health and safety. The Company is SMETA-certified.

Managing the COVID-19 pandemic

In order to ensure the health, safety and well-being of its employees, Papoutsanis ensures that employees are kept informed about the risk of COVID-19 infection and the appropriate prevention and protection measures based on the instructions of the National Public Health Organization.

EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS PURSUANT TO ARTICLE 4(7) AND (8) OF LAW 3556/2007.

This explanatory report of the Board of Directors is submitted to the Ordinary General Shareholders' Meeting by virtue of Article 4(8) of Law 3556/2007 and has been prepared as set forth in Article 4(7) of the aforementioned law.

(a) Share capital structure

The Company's share capital amounts to fourteen million five hundred eighty-two thousand six hundred fifteen Euro and seventy-six cents (14,582,615.76), divided into twenty-seven million four thousand eight hundred forty-four (27,004,844) common registered shares with voting rights, of a nominal value of 0.54 Euro each.

The Company's shares are listed for trading in the General Segment (Main Market) of the Securities Market of the Athens Stock Exchange.

The Company's shares are common registered shares with voting rights. Each vote attaches all rights and obligations provided for by law and the Company's Articles of Association. Shareholders are liable up to the nominal value of the shares in their possession.

(b) Limitations to the transfer of Company shares

The Company's shares, which are dematerialised and listed in the General Segment (Main Market) of the Securities Market of the Athens Stock Exchange, are transferred as provided by law. The Articles of Association contain no limitations regarding their transfer.

(c) Significant direct or indirect shareholdings within the meaning of articles 9 to 11 of Law 3556/2007

Shareholders (natural or legal persons) who, by their own admission, on 31.12.2021 hold, directly or indirectly, equal to or greater than 5% of the Company's share capital and respective voting rights, within the meaning of articles 9 to 11 of Law 3556/2007 are listed in the following table:

Shareholder's Name or Company Name	Corresponding shares (in units)	Percentage
Menelaos Tassopoulos	6,399,629	23.70%
Georgios Gatzaros	6,391,321	23.67%
TRUAD VERWALTUNGS AG	5,726,302	21.20%
Georgios Koufopoulos	1,629,543	6.03%

At the aforementioned date no other natural or legal person holds more than 5% of the Company's share capital.
On 03.03.2021, part of the shares with voting rights directly held by Mr. Menelaos Tassopoulos in the Company were finally transferred as contribution in kind of part of the initial share capital of the company under the name "SAPON SINGLE-MEMBER SOCIETE ANONYME" (trading as SAPON). Mr. Tassopoulos was the sole shareholder of SAPON.

Additionally, on 09.02.2022, Mr. Menelaos Tassopoulos transferred from his personal investor account 852,158 common registered shares with voting rights, representing 3.16% on the share capital and voting rights of the Company, to a Common Investor Account that maintains with his wife, Aikaterini Maria Karantza, retaining control of the voting rights.
As a result, Mr. Menelaos Tassopoulos now holds in total 23.70% of the Company's voting rights, of which he directly owns 4.51% of the Issuer's shares with voting rights and, indirectly, 19.19% of the shares through his wholly-owned company trading as SAPON.

Truad Verwaltungs AG in its capacity as trustee of a foreign private discretionary trust established for the primary benefit of present and future members of the family of the late Anastasios Georgios Leventis (the "Trust"), holds 5,726,302 voting rights (representing 21.20% of the total voting rights of the Company) through Torval Investment Corp., which controls Lavonos Ltd., which in turn controls Thrush Investment Holdings Ltd, which holds: (a) directly 5,407,065 voting rights representing 20.02% of the total voting rights of the Company and (b) indirectly, through Eagle Enterprises S.A., 319,237 voting rights representing 1.18% of the total voting rights of the Company.

It is noted that Mr. Georgios Koufopoulos is a controlling shareholder of "3K Investments Company S.A.". "3K Investments Company S.A.", in its capacity as parent company of the wholly-owned subsidiary "3K Investment Partners AEDAK», (trustee company of the below mutual funds), holds 6.03% of the voting rights of the Company (representing 1,629,543 shares and voting rights) as follows: (a) holds directly 40,000 voting rights representing 0.15% of the total voting rights of the Company and (b) indirectly, under its capacity as parent company of "3K Investment Partners AEDAK"(trustee of the mutual funds "3K Domestic Equity Fund", "3K Balanced Fund", "3K Greek Value Domestic Equity Fund", "NN HELLAS Equity Fund" and '3K Mutual Fund Anagennisis (AIF)"), 1,589,543 voting rights representing 5.89% of the total voting rights of the Company.

(d) Shareholders with special control rights
There are no Company shares that provide special control rights to their holders.

(e) Restrictions on voting rights - Time limits for exercising relevant rights
According to the Articles of Association, there are no restrictions on voting rights arising from Company shares.

(f) Shareholders' agreements for restrictions on transfer of shares or on exercise of voting rights
The Company is not aware of any agreements among its shareholders, which would result in restrictions on the transfer of shares or the exercise of voting rights stemming from such shares.

(g) Regulations regarding the appointment/replacement of BoD members and amendments to the Articles of Association, provided that the regulations are distinct from the provisions of Law 4548/2018.

Regulations set forth in the Company's Articles of Association for the appointment/replacement of BoD members and amendments of the Articles of Association are not distinct from the provisions of Law 4548/2018. In particular, if a seat on the Board of Directors becomes vacant, article 7(3) of the Company's Articles of Association provides for the following:

"ARTICLE 7
Election and Replacement of Board of Directors member

[…]
3. *If one or more seats on the Board of Directors become vacant for any reason:*
a. If there is/are alternate Member(s) elected by the General Meeting of the Company, they will fill in the vacant seat(s) in the order of their election.
b. If there are no alternate Members, the Board of Directors can either pursue the tasks of managing and representing the Company, if the remaining Members exceed half of the total number of Members before the vacancy (or vacancies) occurred, however, these Members cannot be less than three, or, if there are at least three (3) remaining Members, to elect alternate Member(s) to fill in the position(s) for the remainder of the term of the alternate Member(s). This election is announced at the next ordinary or extraordinary General Meeting, which can replace the persons elected, even if no item has been entered in the agenda. The Board of Directors will choose one of the two solutions under b. at its absolute discretion. The Board of Directors may of course replace only some of the vacant seats, provided that, after the partial replacement, the Members are more than half of the total number of Members before the seat or seats became vacant. The election decision will be subject to publication formalities and will be announced by the Board of Directors at the next General Meeting, which can replace the elected members even if no item has been entered in the agenda."

(h) Power of the Board to issue new shares / purchase Company shares pursuant to Article 49 of Law 4548/2018.

1. Pursuant to the provisions of Article 24(1) (b) of Law 4548/2018, the Board of Directors of the Company has the right, upon a decision of the General Meeting, subject to the publication formalities of Article 13 of Law 4548/2018, to increase the Company's share capital by issuing new shares, by a decision taken by at least two thirds (2/3) majority of all members. In that case, the share capital may be increased as provided for in Law 4548/2018 as in force, until it becomes three times the amount of paid up capital on the date that such authority was granted to the Board by the General Meeting. The power of the Board may be renewed by the General Meeting for a period of time not exceeding five (5) years for each renewal. No such decision has been taken by the General Shareholders' Meeting.

2. Pursuant to the provisions of Article 113 of Law 4548/2018, by decision of the General Meeting taken by qualified quorum and majority, a stock option plan may be set up for the members of the Board of Directors and the Company's employees as well as its affiliated companies within the meaning of Article 32 of Law 4308/2014, in the form of a stock option, pursuant to the terms of that decision, a summary of which is subject to publication formalities. In its decision, the General Meeting shall specifically set out the maximum number of shares to be issued, which may not exceed one tenth (1/10) of the existing shares, the price and the conditions for the sale of shares to beneficiaries. It lies with the Board of Directors to set out any other details which is not set by the General Meeting. The Board shall issue the relevant stock option certificates and the shares to the beneficiaries who exercised their right (option) to purchase shares, thereby increasing the Company's share capital accordingly and confirming that it was increased pursuant to Article 113(3) of Law 4548/2018. Furthermore, by virtue of Article 113(4) of Law 4548/2018, the Board of Directors may, upon an authorisation-decision of the General Meeting taken by a qualified quorum and majority and subject to publication formalities, set up a stock option plan. To do that, the Board may increase the capital and take all the other relevant decisions. This authorisation shall be valid for five (5) years, unless the General Meeting specifies a shorter validity period, and shall be independent from the powers of the Board of Directors under Article 24(1) of Law 4548/2018. The decision of the Board of Directors shall be taken according to the terms of Article 113 of Law 4548/2018.

By application of the above provisions, on 29.01.2021, the Company's Board of Directors set up a stock option plan for senior executives who provide services to the Company on an ongoing basis, in the form of a stock option, having obtained the authorisation from the Extraordinary General Meeting of 27 February 2020 and in accordance with the applicable regulatory framework. The duration of the stock option plan was set to two (2) years, meaning that the options granted to the beneficiaries may be exercised up to and including June 2022, as specifically provided in the plan. The number of stock options to be allocated as part of the plan may amount to two hundred fifty thousand (250,000) for the plan's entire term. The Company's share capital shall be adjusted accordingly in line with the options exercised by the beneficiaries by a decision of the Company's Board of Directors as stipulated by law and the terms of the stock option plan.

The detailed terms of the stock option plan can be found on the Company's website www.papoutsanis.gr.

It is noted that, in June 2021, 98,750 stock options were exercised by the beneficiaries of the above plan, thereby adjusting (increasing) the Company's share capital by €53,325. By decision dated 29.06.2021, the Board of Directors confirmed that the Company's increased share capital had been paid up.

3. Moreover, pursuant to the provisions of Article 113(4) of Law 4548/2018, on 05.05.2021, the Extraordinary General Meeting decided to authorise the Board of Directors to set up a stock option plan in the form of stock options under the terms stipulated by law that the Board of Directors deems appropriate, yet with the following restrictions:
a) the options to be allocated shall correspond to a maximum of 1% of the total shares of the Company;
b) the options to be allocated shall result from a share capital increase or from the purchase of Company shares.
By application of the above provisions, on 18.02.2022, the Company's Board of Directors set up a stock option plan for senior executives who provide services to the Company on an ongoing basis, in the form of a stock option, having obtained the authorisation from the Ordinary General Meeting of 5 May 2021 and in accordance with the applicable regulatory framework. The duration of the stock option plan was set to two (2) years, meaning that the options granted to the beneficiaries may be exercised up to and including June 2024, as specifically provided in the plan. The number of stock options to be allocated as part of the plan may amount to two hundred sixty-nine thousand sixty (269,060) for the plan's entire term. By decision of the Company's Board of Directors as stipulated by law and the terms of the stock option plan, the Company's share capital shall be adjusted accordingly if new Company shares are allocated to the beneficiaries and as per the options exercised by the beneficiaries.
The detailed terms of the stock option plan can be found on the Company's website (www.papoutsanis.gr).

4. Pursuant to the provisions of Articles 49 and 50 of Law 4548/2018, as in force, following the General Meeting's approval and under the responsibility of the Board of Directors, the Company may acquire its own shares, provided that the nominal value of the shares acquired, including the shares that the Company had previously acquired and holds, do not exceed one tenth (1/10) of its paid-up share capital. The decision of the General Meeting must also define the terms and conditions of the envisaged acquisitions, and in particular the maximum number of shares that may be acquired, the duration of the period for which the authorisation is granted and which may not exceed twenty-four (24) months, and if for an acquisition for value, the minimum and maximum consideration.

On 05.05.2021 the Ordinary General Meeting approved the programme for the acquisition of own shares pursuant to Article 49 of Law 4548/2018, according to which the Company shall be entitled, within the 24-month time-limit laid down by law, i.e. from 05.05.2021 to 05.05.2023, to acquire its own shares of up to 5% of the Company's entire paid-up share capital, which was 1,345,304 shares on 05.05.2021. The maximum purchase price of the Company's own shares was set to four Euro (€4) per share and the minimum purchase price to fifty-four cents (€0.54) per share. A provision was made that the Company's shares to be acquired may be allocated in any manner accepted by the law.

The programme for the acquisition of own shares was established by the Board of Directors of the Company on 29.06.2021. Based on the programme, the Company holds 28,007 own shares, i.e. 0.10% of the Company's total shares.

(i) Significant agreements of the Company that are in force / modified / terminated in case of change of control of the Company as a result of a takeover bid.

There are no agreements which take effect, are modified or terminated upon a change of control as a result of a takeover bid.

(j) Compensation agreements for members of the Board of Directors or employees in case of resignation / dismissal without due cause or termination of office / employment as a result of a takeover bid.

There are no agreements between the Company and members of the Board of Directors or its employees, which provide for compensation in case of resignation or dismissal without due cause or termination of office or employment due to a takeover bid.

CORPORATE GOVERNANCE STATEMENT PURSUANT TO ARTICLES 152 AND 153 OF LAW 4548/2018 & PURSUANT TO ARTICLE 18 OF LAW 4706/2020

This Corporate Governance Statement is prepared on the basis of Article 152 of Law 4548/2018 as in force and Article 18 of Law 4706/2020 as in force.

CONTENTS

INTRODUCTION

Corporate governance describes the way in which companies are managed and controlled. Corporate governance is a system of relations between a Company's Management, its Board of Directors, shareholders as well as stakeholders. It forms the basis on which the Company’s goals are discussed and set, by specifying the means to achieve company objectives and making it possible to monitor management performance in implementing the above.

In Greece, the corporate governance framework has been developed mainly through the adoption of mandatory rules, such as Law 4706/2020 which, among others, requires the participation of non-executive and independent non-executive members in the boards of listed companies in a regulated market in Greece, the establishment and operation of an internal audit department and the adoption of internal regulation containing minimum mandatory requirements as per the above provisions. Furthermore, a series of new pieces of legislation transposed the European company law directives into the Greek legal

framework or implemented European regulations, thus establishing new rules on corporate governance, such as Law 4449/2017, that requires, among others, the functioning of an audit committee and Law 3884/2010 relating to the shareholders' rights and additional corporate notification requirements to shareholders for the General Meeting as well as important notification requirements relating, among others, to the ownership and governance of a company.
Finally, the law on societés anonymes (Law 4548/2018) includes the basic governance rules for these companies.

1. Corporate Governance Code

1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code

The Company has adopted the **Hellenic Corporate Governance Code of the Hellenic Corporate Governance Council (HCGC) for Listed Companies** (hereinafter referred to as "**Code**"). This Code can be found on the HCGC's website, at the following address: https://www.esed.org.gr/web/guest/code-listed.
In addition to the HCGC's website, a printed version of the Code is also available to all employees and can be consulted from the Finance Department and the Human Resources Department as well as on the Company's official website at:https://www.papoutsanis.gr/el/sxeseis-ependyton/etairiki-diakuvernisi-2/kodikas-etairikis-diakuvernisis_130794/

1.2 Deviations from the Corporate Governance Code and grounds thereof. Specific provisions - Applicability of the Code for listed companies - not applied by the Company and grounds for non-application

The Company hereby confirms that it has implemented the mandatory provisions of the Greek laws which form the minimum requirements to be met by any Corporate Governance Code applicable by a company whose shares are traded only on a regulated market in Greece.
On the date hereof, these minimum requirements have been embedded in the above Code, which the Company has adopted and currently implements. However, in addition to minimum requirements, the Code also contains a series of specific practices that can be deviated from, as appropriate.
The Company deviates from or does not apply in their entirety specific provisions of the Code on *"Specific practices for listed companies"*, to the extent that this measure is allowed by the applicable laws. These deviations are listed in detail below (*at the end of each section, reference is made to the Code numbering with the relevant specific practices).*
Regarding the Board of Directors

Role and responsibilities of the Board of Directors
- The Board does not adopt a calendar of meetings and an annual action plan that can be revised according to the Company needs at the beginning of each calendar year, as all its members are domiciled in the prefecture of Attica. This facilitates the convocation and deliberation of the Board when so required by the Company needs or the law, without a predefined action plan being necessary. *(1.17)*

Size and Composition of the Board of Directors
- The diversity criteria do not concern, apart from the members of the BoD, the senior or higher management with specific gender representation targets, because of the Company size and the small

number of administrative, managerial and supervisory bodies of the Company (each of which has a small number of members). The Company nevertheless respects the principle of non-discrimination and equality, among others *(2.2.15).*
- There are no restrictions on the number of positions held by members of the BoD of the Company in the board of directors of other companies, as whether there is sufficient time or not is only considered upon election *(2.2.17 & 2.2.18).*
- The Chairman of the BoD is also an executive member of the Board of Directors elected by the Board of Directors in its constituent sitting, immediately after it has been elected by the General Meeting pursuant to Article 8 of the Company's Articles of Association *(2.2.21).*
- There is no provision for the term of office of members of the remuneration and nomination committee not to exceed nine (9) years in total, as the committee has been founded only recently *(2.3.12 & 2.4.11).*
- There is no restriction on the maturity of any pre-emptive rights granted to the executive members of the BoD, as they are subject to plans (if applicable) which are subject to publication formalities *(2.4.13).*
-Remuneration for the Chairman of the BoD, the Managing Director and the members of the BoD, executive and non-executive members, is provided for in the Remuneration Policy approved by the Extraordinary General Shareholders' Meeting of 15.07.2021, is specifically set out in the proposals of the Remuneration and Nomination Committee and the BoD decisions and is adequately published in the financial statements according to IAS 24 and in the Remuneration Report that the Company is required to publish annually pursuant to Law 4548/2018. The General Meeting discusses the remuneration and votes on in an advisory capacity.
No "compensation package" has been agreed for any member of the Board of Directors.
Employment agreements of the executive members of the Board of Directors provide for a bonus.

<u>Functioning of the Board of Directors</u>
- For the time being, there is no provision for the Board of Directors to be supported by a competent, qualified and experienced corporate secretary, as its main duties are fully covered by other services of the Company *(3.1.5, 3.2.1 & 3.2.2).*
- The Board of Directors is self-evaluated annually. The self-evaluation process includes the evaluation in the form of questionnaires of executive members by non-executive members. By the date of publication, this process has not been completed. The self-evaluation process does not provide for the personal evaluation of members of the Board and the evaluation of committees. It applies only upon selection, replacement or renewal of the members of the BoD *(2.2.22, 3.3.4, 3.3.5, 3.3.8, 3.3.10, 3.3.12, 3.3.14).*
- There is no provision for introductory information programmes for new members of the BoD including continuous information and training for the other members, as the persons nominated for BoD members have sufficient and proven experience as well as organisational - administrative skills *(3.3.13).*

1.3 Corporate governance practices applied by the Company in addition to the provisions of law

The Company does not apply any other practices apart from the provisions of the applicable legislative framework for corporate governance.

<u>2. Main Characteristics of the Internal Control and Risk Management Systems in relation to the Financial Statements Preparation and Financial Reporting Process</u>

The System of Internal Control and Risk Management of the Company in connection with the process of preparing the financial statements and financial reports includes control activities and controlling mechanisms at various levels within the Organisation as explained below:

2.1 General

Risk identification, evaluation, measurement and management:
Risks are identified and evaluated mainly while preparing the strategic planning and annual business plan. The issues considered vary depending on the market and industry conditions and include, but are not limited to, developments and trends in the markets where the company is operating, or which represent significant sources of raw materials, technology changes, macroeconomic indicators and competitive environment. The BoD reviews the corporate strategy, the principal business risks and the systems of internal control on an annual basis.

Planning and monitoring / Budget:
The Company's performance is monitored through a detailed budget. Its financials are highly dependent on external factors such as raw material prices and other market factors. For this reason, the budget is adjusted regularly to take into account these changes. The Company's Management monitors the evolution of the Company's financials through regular reports, comparisons against the budget and meetings of the management team.

Adequacy of the Internal Control System:
The Company's Management has planned and executes continuous supervisory activities which are embedded in the Company's function and which ensure the effectiveness of the Internal Control System over time. The Company also carries out periodically ad hoc evaluations on the suitability of the Internal Control System. These are performed mainly through the Internal Audit Service.
The Company has an independent Internal Audit Service which, among others, ensures that the risk identification and management processes applied by the Company's Management are sufficient, and ensures the effective operation of the Internal Control System and the quality and reliability of the information provided by the Management to the Board as regards the Internal Control System.
The adequacy of the Internal Control System is monitored systematically by the Audit Committee in liaison with the Internal Audit Service.

Preventing and fighting financial fraud:
As part of risk management, areas considered to be of high risk in terms of financial fraud are monitored using appropriate control systems and proportionally increased control activities. Some of these measures are to have an organizational chart, rules of procedure as well as detailed processes and approval thresholds. In addition to the controlling mechanisms applied by each department, all Company activities are subject to controls by the Internal Audit Service.

Internal Regulation:
The Company has prepared an Internal Regulation that has been approved by the Board. This outlines the competences and responsibilities of the key jobs, thus promoting the sufficient division of responsibilities within the Company.

Control activities in IT systems:
The Company has developed a framework for monitoring and controlling its IT systems, which comprises distinct controlling mechanisms, policies and processes, including but not limited to the establishment of specific access rights for all employees depending on their function and role. An access log is kept in the Company's systems to that effect.

2.2 Control activities for the financial statements preparation process
As part of the processes for preparing the Company's financial statements, specific control activities are in place which relate to the use of commonly accepted tools and methodologies in accordance with international practices. The main areas where control activities are in place for the Company's financial reporting and financial statements preparation are:

Organisation - Allocation of Responsibilities

- Allocating responsibilities and powers to the Company's senior Management and to mid- and lower-level executives ensures a highly effective Internal Control System and also safeguards the necessary division of responsibilities.
- Appropriate staffing of financial services with persons who have the required technical background and experience for the tasks assigned.

Accounting and financial statement preparation processes

- Having accounting policies and processes.
- Providing training and keeping informed the employees who are involved in the preparation of the Financial Statements.
- Implementing automatic controls and verifications across various IT systems and requiring special authorisation to account for non-recurrent transactions.
- Management's judgements and estimates necessary for the preparation of financial statements are reviewed in each financial reporting period against the risks identified.

Internal audit processes for financial statements

- The internal audit, which is part of the process of preparing financial statements, has been designed in a way to confirm the management's assertions against third parties and external auditors on the individual line items of the financial statements using specific processes, which are:
  For the Balance Sheet: availability and ownership of information, completeness, measurement and classification in accordance with the basis of accounting.
  For the Profit and Loss Account: Availability of transaction, accrual basis, completeness, accuracy and classification in accordance with the basis of accounting.

Processes for the safeguarding of assets

- Having control activities in place for fixed assets, inventories, cash - cheques and other Company assets such as physical security of cash and warehouses, inventory count and comparison of quantities found against those on the accounting books, sufficient security of data, etc.

3. <u>Board of Directors</u>

<u>3.1 Composition and functioning of the Board of Directors</u>
3.1.1. The role, competences and responsibilities of the Board are described in the Articles of Association and are complemented by the Regulation of the Board of Directors and the Internal Regulation of the Company.

The Board of Directors, acting collectively, manages and administers corporate affairs. Generally decides on all issues related to the Company and carries out all actions, except for those which, either under the Law or the Articles of Association, fall within the competence of the General Meeting of Shareholders.
By way of example, and not as a limitation, the Board of Directors:

(a) Represents the Company both in court and out-of-court proceedings.

(b) Files actions and institutes legal proceedings, performs seizures, registers mortgage liens and mortgages, consents to their discharge, waives privileges, actions and remedies, and enters into court and out-of-court settlements and arbitration agreements.

(c) Acquires, creates or transfers real or personal rights to movable and immovable property and accepts obligations, concludes all types of contracts, without prejudice to Articles 99 to 101 of Law 4548/2018, participates in public or other tenders as well as in auctions.

(d) Appoints, places and terminates employees and agents of the Company, sets their remuneration and salary and grants and revokes any general and special power of attorney on behalf of the Company.

(e) Issues, accepts and signs, or provides guarantees for, or endorses promissory notes, bills of exchange, cheques as well as any title to order.
(f) Determines the Company's expenses in general.
(g) Checks the Company's books and its funds, prepares the annual financial statements, proposes the depreciation of facilities and amortisation of bad debts, and proposes dividends and profits to be distributed.

(h) Regulates the internal operation of the Company and issues the relevant regulations and generally conducts any act of Management for the Company, administers its assets and has every authority and right to administer the corporate interests and perform any action to achieve the Company's objectives.

(i) Provides legitimately any kind of guarantees on the part of the Company in favour of legal or natural persons with whom the Company has or maintains commercial or financial transactions to further its objectives.

(j) Decides on issuing bond loans other than those referred to in Articles 71 and 72 of Law 4548/2018. Regarding these loans, the Board of Directors may decide their issuance upon authorisation by the General Meeting pursuant to Articles 71 and 24(1) of Law 4548/2018.

3.1.2. The Board of Directors may delegate the exercise of any or all of its authorities and powers relating to the management, administration or representation of the Company to one or more persons, whether members or not. Those persons may assign the exercise of powers granted to them, or some of those powers, to other members of the Board or third parties, if the Board of Directors decisions allow for that. The title and responsibility of each one of those persons shall be defined by the decision of the Board of Directors by which they are appointed.

3.1.3 Each member of the Board of Directors is liable to the Company for damage suffered as a result of an act or omission that amounts to a breach of its duties. If a joint act of several members of the Board of Directors caused damage or if several persons are also responsible for the same damage, they are jointly and severally liable. The same applies where several persons have acted simultaneously or successively and it cannot be ascertained whose act or omission caused the damage. However, the court may divide up the responsibility according to the seriousness of the act, the proportion of the damage each part is responsible for and the allocation of duties of the members of the Board of Directors. The court can also regulate the right of recourse among the parties at fault. There is no liability for acts or omissions founded on a legitimate decision of the General Meeting or relating to a reasonable business decision, which was taken (a) in good faith, (b) on the basis of sufficient information for such circumstances, and (c) with the sole criterion of furthering the Company's interest. This information is examined by reference to the time of the decision. The burden of proving that the requirements of this section are met is borne by the members of the Board of Directors. The court may also rule that there is no liability for acts or omissions based on a recommendation or opinion of an independent body or committee working for the Company, in accordance with the law.

3.1.4 Incompatibilities – other obligations

A) Members of the Board of Directors or Company managers who participate in any way in the Company's management may not engage, without authorisation from the General Meeting or the relevant provision of the Articles of Association, on their own account or on the account of third parties, in actions falling within the Company's objectives and to participate as general partners or as sole shareholders or partners in companies that pursue such objectives.

B) Members of the Board of Directors and any third person to whom the Board of Directors has delegated its responsibilities have a fiduciary duty to the Company. In particular:

a) they are not allowed to pursue personal interests that conflict with Company interests;

b) they must promptly and adequately disclose to the other members of the Board of Directors the personal interests which may arise from Company transactions that fall within their duties, as well as any other conflict of personal interests with interests of the Company or associated businesses within the meaning of Article 32 of Law 4308/2014, which arises in the performance of their duties. Accordingly, they must disclose any conflict of Company's interests with the interests of the persons under Article 99(2) of Law 4548/2018, provided they are related to such persons. A disclosure is considered sufficient if it includes a description of the contemplated transaction and personal interests. Companies publish conflicts of interest and any contracts that have been concluded and fall under Article 99 of Law 4548/2018 with the annual report of the Board of Directors.

c) Keep strictly confidential any information on corporate affairs and Company secrets, which they became aware of because of their capacity as members of the Board.

3.1.5. Meetings of the Board of Directors

The Board of Directors meets at the Company's registered address or at any location in the Attica Region or the Region of Mainland Greece proposed by the Chairman of the Board of Directors whenever so required by the Law or the Company's needs. The Board of Directors is convened by the Chairman or by the Vice-Chairman acting as Chairman, at a date and time set by the Chairman. A Meeting is also convened wherever deemed appropriate by the Chairman or so requested by two Directors, according to the provisions of the law.

In addition to the Chairman or his stand-in, the Board of Directors may also be convened upon request by two (2) of its members to the Chairman or the Acting Chairman, who are required to convene the Board of Directors' meeting so that it is held within seven (7) days from the request. The request must, on penalty of inadmissibility, clearly state the issues to be dealt with by the Board of Directors. If the Board of Directors is not convened by the Chairman or the Acting Chairman within the above time limit, the members who requested the meeting to be held are allowed to convene the Board of Directors within five (5) days from the expiry of the above time-limit of seven (7) days, by notifying the invitation to the other members of the

Board of Directors. In 2021, the Board of Directors held eight (8) meetings, with all members present. Signing of the meeting minutes served as proof that the remaining decisions of the Board of Directors were taken, pursuant to Article 94 of Law 4548/2018.

3.2 Information on members of the Board of Directors

Pursuant to Article 7(2) of the Company's Articles of Association, the Board of Directors consists of three (3) to fifteen (15) members.

The Board of Directors of the Company has currently six members, as elected by the Extraordinary General Meeting of 15.07.2021 and the decision of the Board of Directors of 15.07.2021 at the BoD’s constituent sitting. It consists of the following members:

a. **Georgios Gatzaros, Chairman, executive member**. Mr. Gatzaros holds a degree in Mechanical Engineering from the National Technical University of Athens. In 1983, he founded Gageo SA and served as its CEO until 2009, when the company was absorbed by Papoutsanis SA (former Plias SA) and became its shareholder. Until 2010, he worked in Papoutsanis SA as Industrialisation Consultant. Since 2010, Mr. Gatzaros has been executive Chairman of the Board of Directors of Papoutsanis SA. He is also on the board of Bolelli Co Ltd and Raguso Co Ltd, he is the administrator of Gageo Single Member Ltd and principal shareholder of Papoutsanis SA.

b. **Menelaos Tassopoulos, Managing Director, executive member**. Mr. Tassopoulos holds a PhD and MPhil in Engineering & Applied Science from Yale University, a Master’s degree in Industrial Engineering & Management Science from Columbia University and a Master’s degree in Chemical Engineering from Worcester Polytechnic Institute. He also holds a degree in Chemical Engineering from the National Technical University of Athens. He has worked in P.D.P. PAPOUTSANIS, at the Centre for Renewable Energy Sources and then in a number of companies of the VIOHALCO group. The last position he held in HALKOR was that of the CEO until 2009, when he assumed the duties of management consultant for Eurobank EFG. In 2010, he joined PLIAS SA (later PAPOUTSANIS SA) as Managing Director and is also on its Board. Mr. Tassopoulos is also on the boards of BOLELLI Co LTD and RAGUSO LTD, he is the sole shareholder and manager-consultant of SAPON SINGLE-MEMBER SA and principal shareholder of PAPOUTSANIS SA.

c. **Mary Chaigkoui Iskalatian, Executive Member and CFO.** Mrs Iskalatian holds an MBA from Strathclyde University of Scotland and a degree in Economics from the National Kapodistrian University of Athens. She has worked with consulting companies as external consultant in financial and EU projects, and in 1995 she joined WIND HELLAS S.A. (former STET HELLAS S.A.) as Report & Budget Manager and Quality & Processes Manager. In 2000, she became Financial Controller of the Papoutsanis Group (former PLIAS). She has also been on the boards of Plias Commercial SA, Tsakiris SA and GAGEO SA. From 2009 until today, she has held the position of CFO and in 2013 she became an executive member of the Board of PAPOUTSANIS SA and a general partner in Hellenic View LP.

d. **Christos Georgalis, Non-executive, independent member.** Mr. Georgalis holds a degree from the Supreme School of Economics and Business (ASOEE) and has been registered in the Economic Chamber of Greece since 2001. From 1973 until 2012, he has acquired considerable experience on financial matters of the industry in companies of the VIOHALCO Group. From 1990 to 2012, he was CFO at VEKTOR SA., IBS SA-KEM SA and SIDENOR SA-KEM SA. He was on the boards of ETALBOND SA and ELMONDE HOLDINGS LIMITED until 2010, and he was also a member of the Board of PROSAL SA until 2014 and of BOZETTI

LIMITED until 2016. In 2013, he was accepted in the Board of PAPOUTSANIS SA, and in 2017 he became chairman of the Audit Committee.

e. **Dimitrios Papoutsanis, Vice-Chairman, Non-executive member.** Mr. Papoutsanis studied Business Management with major in Marketing and Communications at Adelphi University. During 1998-2005, he worked in the field of marketing, sales and purchases of Coca Cola 3E.

f. **Antonios Barounas, Non-executive independent member**. Mr. Barounas graduated from the Deree College and Denver University where he studied Information System technology and Computer Science. He has a long experience and a successful career in the field of General Management, and has worked for Hewlett Packard, Wm Wrigley Jr. Company, Sony Ericsson Greece/Balkans, Sony Ericsson Western Region and Sony Mobile. He has also served as vice-chairman of Sony Mobile South Europe, Sony Mobile Europe and Lenovo EMEA. In the past, he was on the boards of SONY MOBILE COMMUNICATIONS HELLAS, N. STAIKOS SA and UNIFLAME SA. As of March 2020, he holds the position of Global Senior Vice President at HTC.

It should be noted that there are no other senior executives of the Company apart from those included in the above members of the Board of Directors.
As described above, the Board of Directors consists of three (3) executive members and three (3) non-consecutive members, two (2) of whom are independent members and for whom the BoD considers that they retain their independence according to the provisions of Law 4706/2020.
The term of office of the Board of Directors is three (3) years ending on 15.07.2024; such term is automatically extended until the first ordinary General Meeting after the end of its term. Under no circumstances can such term exceed four (4) years.
Apart from the activities associated with their capacity and position in the Company, the Members of the Board of Directors do not engage in any other professional activities that are important to the Company, with the following exceptions:
Georgios Gatzaros is the administrator of GAGEO SINGLE-MEMBER SA and also member of the boards of Bolelli CO Ltd and Raguso Ltd.
Menelaos Tassopoulos is on the boards of Bolelli CO Ltd and Raguso Ltd and also manager-consultant of "Sapon Single-Member Societé Anonyme".

The members of the Board of Directors holding shares, directly and indirectly, as well as their number and percentage on the total Company shares are as follows:

Shareholder's Name or Company Name	Corresponding shares (in units)	PERCENTAGE
Menelaos Tassopoulos	6,399,629	23.70%
Georgios Gatzaros	6,391,321	23.67%
Mary-Chaigkoui Iskalatian	224,006	0.83%
Dimitrios Papoutsanis	789	0.0029%

3.3 Evaluation process for the Board of Directors
The Company has implemented an evaluation policy for members of the Board of Directors whose purpose is to ensure its effective operation and fulfilment of its role as the supreme management body of the Company. Members of the Board are evaluated collectively on an annual basis. Evaluation is carried out in

the form of self-evaluation questionnaires prepared by the Remuneration and Nomination Committee of the Company and completed by all members of the Board of Directors. The process is headed by the Chairman of the Board of Directors, and the Board of Directors discusses the results. The Board of Directors also decides whether an external consultant should be engaged to help with the annual evaluation.
The above policy of the Company provides for the evaluation of the executive members of the Board by the non-executive members (without the presence of the remaining executive members) in a special meeting, during which their performance is discussed in relation to the overall performance of the Company against the budget goals and based on the scope of responsibilities held by each executive member.
Once the above process has been completed, an evaluation report is prepared. This includes the self-evaluation results, a brief description of the evaluation process, the areas/points covered, the main advantages identified and the areas that need improvement, as well as aggregate data on responses.
After discussing the self-evaluation results, the Board of Directors decides on any further actions that are deemed appropriate and an action plan is prepared thereto.

3.4 Audit Committee

In order to comply with the provisions and requirements of Law 4449/2017, as amended and in force, the Company has set up an Audit Committee to assist the BoD in its duties such as financial reporting, internal audit, and regular audit supervision. Following the Extraordinary General Meeting held on 15.07.2021, the Committee's composition has now changed.
The Audit Committee comprises of two (2) independent non-executive members of the Board of Directors, i.e. Messrs. Christos Georgalis and Antonios Barounas, and also a third member, Mr. Efstathios Banilas, certified auditor. The members of the Audit Committee are elected by the General Meeting.
The Audit Committee is chaired by Mr. Christos Georgalis.
Pursuant to a decision of the Extraordinary General Meeting held on 15.07.2021, the term of the committee is the same as the Board of Directors' term, namely it expires on 15.07.2024, but can be extended until the next Ordinary General Meeting after the end of its term, and may not exceed four (4) years.

If a member of the Audit Committee resigns, dies or its membership terminates, the Board of Directors shall appoint a new member from its existing members to replace the departing member, until the end of the Board's term pursuant, where appropriate, to Article 82(1) and (2) of Law 4548/2018, which applies mutatis mutandis. Where the member above is a third person and not a member of the Board, the Board of Directors shall appoint a third person who is not a member of the Board, to act on his stead, and on the following general meeting the same member shall be officially appointed or another person will be elected for the position until the end of the departing member's term in the Audit Committee.

The responsibilities and obligations of the Audit Committee include the following:

a) monitoring the financial reporting process, reviewing judgments and estimates of the Management affecting the financial statements as well as supervising any official announcement regarding the financial performance of the Company;
b) monitoring the effective operation of the internal control system and the risk management system accordingly, as well as supervising the internal audit service of the Company and ensuring its independence;
c) monitoring the progress of the statutory audit on the individual and consolidated financial statements of the Company;
d) reviewing and following-up on issues related to the existence and maintenance of the objectivity and independence of the statutory auditor or the audit firm, in particular with regard to the provision of other services to the Company by the statutory auditor or audit firm.
In 2021 (01.01.2021-31.12.2021) the Audit Committee met twelve (12) times with all members present.

More specifically, from 01.01.2021 to 31.12.2021:

- The Audit Committee was briefed by the Certified Accountant-Auditor on the audit planning, schedules, audit approach, audit scope, method of determining materiality, significant audit matters, how to assess the most significant risks, and the proposed financial audit procedures for the 2020 financial statements and the 2021 semi-annual financial statements.
- The Audit Committee reviewed the financial statements of the Company (corporate and consolidated) before their submission to the Board of Directors for approval, prepared in accordance with the International Financial Reporting Standards (IFRS), and found them complete and consistent as to the information provided after considering the accounting principles applied by the Company.
- After completing the annual statutory audit of the 2020 financial statements, the Audit Committee examined the issues that arose and evaluated the audit results.
- In auditing the 2020 financial statements, the Audit Committee examined the final supplementary report of the Company’s certified auditors against the audit report.
- Based on all the data, the Audit Committee confirmed that the significant issues and risks identified during the audit process have been adequately addressed by the external auditors and by the Company itself.

  It is noted that throughout the preparation and audit of the 2020 financial statements, the Audit Committee carried out all the actions mentioned in point B.i of decision 1302/2017 of the Hellenic Capital Market Commission.
- Regarding the 2020 financial statements, the Audit Committee informed the Board of Directors about the statutory audit's role in ensuring the quality and integrity of financial reporting, namely, the accuracy, completeness and correctness of the financial reporting approved by the Board of Directors and made public. The Audit Committee also provided information on its own role in the above process, recalling the actions taken during the statutory audit process to ensure the integrity of financial reporting.
- It also recommended to the Board of Directors to re-appoint the audit firm “GRANT THORNTON SA CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS” so as to audit the 2021 financial statements.

It is noted that references made above to "financial statements" include both corporate and consolidated financial statements.

More specifically, as regards the structure and processes of the Internal Control System, during the period from 01.01.2021 to 31.12.2021 the Audit Committee performed the following:

- Approved the audit plan of the Internal Audit Unit for the year 2021.
- Reviewed and evaluated the efficiency and effectiveness of the Internal Control System processes and made relevant recommendations.
- Worked together with the Internal Auditor, and discussed the findings and conclusions drawn on the audit reports. In 2021, great emphasis was also placed on the challenges faced by the Company due to the COVID-19 pandemic.
- Monitored the implementation of the annual audit plan based on the quarterly reports of the Internal Audit Unit.

During 2021, the Audit Committee contributed to the process of aligning Company operations with Articles 1 to 24 (on corporate governance) of Law 4706/2020. To achieve this, the Company engaged specialised external consultants.
Finally, following its constituent sitting and election, the Audit Committee approved its revised Regulation.

It is clarified that, to ensure objectivity and independence, the Regular Auditor of the Company, who audits its annual and interim financial statements, does not provide non-audit services to the Company which are prohibited according to the provisions of Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council and Law 4449/2017, nor are they otherwise associated with the Company.

3.5 Remuneration and Nomination Committee

In order to comply with the provisions and requirements of Law 4706/2020, the Company has set up a Remuneration and Nomination Committee to:

a) make recommendations to the Board of Directors regarding the remuneration policy submitted for approval to the General Meeting, in accordance with Article 110(1) of Law 4548/2018;
b) make recommendations to the BoD regarding the remuneration of the persons falling within the scope of the remuneration policy, according to Article 110 of Law 4548/2018, and regarding the remuneration of the Company's executives, especially that of the Head of the Internal Audit Unit;
c) review the information included in the final draft of the remuneration report, expressing its opinion to the Board of Directors, before submitting the report to the General Meeting in accordance with Article 112 of Law 4548/2018;
d) identify and recommend to the BoD persons suitable to become members of the Board of Directors, on the basis of a procedure provided for in its Regulation;
e) select candidates based on factors and criteria set by the Company, in line with its suitability policy.
The Remuneration and Nomination Committee has three (3) members and consists of two (2) independent non-executive members of the Board, i.e. Messrs Christos Georgalis and Antonios Barounas, and one (1) non-executive member of the Board of Directors, Mr. Dimitrios Papoutsanis.
The Members of the Remuneration and Nomination Committee are elected by the Board of Directors. The Remuneration and Nomination Committee is chaired by Mr. Christos Georgalis. In 2021 (01.01.2021-31.12.2021), the Remuneration and Nomination Committee met three (3) times with all members present.

More specifically, from 16.07.2021 to 31.12.2021 the Remuneration and Nomination Committee:

- Constituted into body and approved its Regulation, which has been posted on the Company's website.
- It made recommendations to the Board of Directors regarding the remuneration of persons falling under the scope of the remuneration policy, in accordance with Article 110 of Law 4548/2018.

3.6 Other managerial, supervisory bodies or committees of the Company

As at the date hereof, there are no other managerial or supervisory bodies or committees of the Company to assist the Board of Directors' function.

3.7 Diversity policy governing the composition of administrative, managerial and supervisory bodies of the Company

Due to the size of the Company and the small number of administrative, managerial and supervisory bodies of the Company (each of which consists of a small number of members), the Company does not have a distinct diversity policy for the composition of such bodies, and respects the principle of non-discrimination and equality, among others.

3.8 Process for compliance with the obligations arising out of Articles 99-101 of Law 4548/2018

A process for compliance with the obligations arising out of Articles 99-101 of Law 4548/2018 has been adopted by the Company to ensure, among others, that its Board of Directors has sufficient information to make decisions about transactions between related parties. More specifically, as part of dealing with issues pertaining to Company transactions with related parties, in line with the applicable laws, the competent Departments of the Company take the following steps:

i. Prepare the rationale behind the transaction under review.
ii. Define the key transaction terms (financial and technical terms).
iii. Specify the contracting parties and evaluate whether they are related or not under IAS 24 & 27.
iv. Evaluate whether the transaction falls in the exceptions of Article 99 of Law 4548/2018 or not.
v. Decide on how to treat the transaction following an opinion provided by the Audit Committee, if deemed appropriate.
vi. Set the transaction price.
vii. Assign the task of issuing a report to a certified auditor or audit firm that will assess the fairness and reasonableness of the transaction for the Company and the Shareholders who are not a related party including minority Shareholders, according to Article 101 of Law 4548/2018.
viii. If the transaction is governed by the provisions of Article 99(3)(f) of Law 4548/2018, persons under Article 101(1) of Law 4548/2018 are assigned to express an opinion on the extent to which the Company's, its subsidiary's and their Shareholders' interests who are not related parties are adequately protected, including minority Shareholders, or from which their interests are not in jeopardy from carrying out the transaction.
ix. Announce the authorisation of the transaction in accordance with the relevant publicity rules.
x. The Board of Directors or the General Meeting, as provided, authorise the transaction.

3.9 Suitability Policy for the members of the Board of Directors

The Suitability Policy was prepared by the Board of Directors of the Company and was approved by the Ordinary General Meeting of 05.05.2021. Its scope includes the members of the Board of Directors. The Suitability Policy aims to ensure staffing with qualified personnel, efficient operation and fulfilment of the role of the Board of Directors based on the overall strategy and the medium/long-term business pursuits of the Company to further its interests. The Board of Directors constantly monitors the suitability of its members and, where necessary under the applicable laws and the Suitability Policy, re-evaluates their suitability and, if necessary, takes the appropriate steps for their replacement.

3.10 Evaluation Report on the Internal Control System

Pursuant to Article 3(j) of Law 4706/2020 and decision No. 1/891/30.09.2020 of the Hellenic Capital Market Commission, the Company evaluates regularly the Internal Control System as to the adequacy and efficiency of financial reporting, risk management and regulatory compliance, as well as whether the provisions on corporate governance of Law 4706/2020 have been complied with. The evaluation report of the Internal Control System has not been completed before the publication of the annual financial statements and the statement of corporate governance, as, pursuant to decision 2/917/17.06.2021, the first evaluation should be completed by 31 March 2023 (reporting date: 31 December 2022 and reporting period starting from the entry of Article 14 of Law 4706/2020 into force).

3.11 Sustainable Development Policy (ESG)
The Company is not required to draft and implement a sustainable development policy specified under Article 151 of Law 4548/2018, as the provisions of this article (on non-financial statements) concern large companies, within the meaning of Annex A of Law 4308/2014, and the Company is exempt from this requirement, given that the average number of its employees does not exceed five hundred (500).

4. Remuneration of the Members of the Board of Directors
The total remuneration for the members of the Board of Directors of the Company for 2021 is shown in its remuneration report prepared pursuant to Article 112 of Law 4548/2018. The remuneration policy has been posted on the Company's website: www.papoutsanis.gr.

5. Information required under article 10(1)(c), (d), (f), (h) and (i) of Directive 2004/25/EC on takeover bids
This is information regarding the following matters which are already provided under section entitled "*EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS PURSUANT TO ARTICLE 4 OF LAW 3556/2007*" of this annual Management Report of the BoD, a reference of which is made hereby:

- significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;
-the holders of any securities with special rights and a description of those rights;
- any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;
- the rules governing the appointment and replacement of board members and the amendment of the articles of association;
- the powers of board members, and in particular the power to issue or buy back shares;

The above required information are published in the section entitled "*EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS PURSUANT TO ARTICLE 4 OF LAW 3556/2007*" of this annual Management Report of the BoD, a reference of which is made hereby.

10 March 2022

For the Board of Directors

The Chairman of the BoD	The CEO
Georgios Gatzaros	**Menelaos Tassopoulos**

Independent Auditor's Report

To the Shareholders of PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31st, 2021, separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS and its subsidiaries (the Group) as at December 31st, 2021, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries within our entire assignment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of separate and consolidated financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters, as well as the related risk of significant misstatements, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition (Turnover)	
In the FY ended as at 31.12.2021, the turnover of the Group and the Company stood at € 54.768.621 and € 54.768.621 respectively (€ 40.841.939 and € 40.798.694 respectively for the year ended 31.12.2020 regarding the Company and the Group). The company recognizes revenue when a contractual obligation to the customer is fulfilled by means of delivering goods or rendering services (which coincides with the time, when the control over the goods or services is transferred to the customer). If a contract contains more than one contractual obligation, the total value of the contract is allocated to separate liabilities based on the separate sale values. Moreover, the company estimates that transfer of control over products to the customer takes place at a specific time, when the customer receives the goods, since then the customer is in position to receive the benefits arising from the particular products. We have identified this area as one of the key audit matters due to the increasing tendency in size and volume of the Company's transactions and its significant impact on the income statement. Furthermore, the aforementioned size reflects the Company's course of development, which, in our judgment, constitutes the main issue for the users of its Financial Statements. The Group's disclosures in respect of the accounting policies regarding revenue recognition are reported in Note 5.2.24 (Revenue Recognition) and Note 6.17 (Sales) to the financial statements.	Our audit approach included the following basic procedures: • We reviewed the IT environment supporting various revenue categories, including the internal procedures and controls related to them. • We reviewed correct segregation of FYs based on examining the sales performed near and immediately after the reporting period closing date through correlating the invoices with the respective consignment notes. • We performed targeted analytical procedures to identify any unusual changes and transactions in need of further examination. • We reviewed a sample of contracts with customers to evaluate the existing accounting policies and methods of revenue recognition. • We performed sampling recalculation of the discounts based on the confirmed turnover per case and the terms of the contracts and their compliance with the respective invoices issued and other supporting documents. • We assessed the adequacy of disclosures in the accompanying financial statements in this regard.
Valuation of Inventory	
As at 31.12.2021 the Group and the Company hold inventory standing at € 7.171.973 and € 7.171.973 respectively (€7.492.943 and 7.473.607 for the year ended 31.12.2020 regarding the Company and the Group respectively). The consolidated and separate Statement of Financial Position for the year 2021 includes provision for impairment of inventories	Our audit approach included the following basic procedures: • We reviewed internal controls regarding the warehouse monitoring circuit, cost accounting for products, physical count of

amounting to € 33.000 while for the year 2020 the amount stands at € 56.000. Inventory is measured at the lower amount between acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the amount of disposal costs. Costs of finished products and production in progress are determined applying the weighted cost method and include costs of raw materials, direct labor costs and general industrial overheads, allocated based on regular production capacity. Appropriate care shall be taken for waste, obsolete and at low turnover inventory as long as the projected sizes are exceeded. The decrease in the carrying amount from accounting to net realizable value and losses in inventory are expensed over the period to which depreciation or losses correspond. We have identified this area as one of the key audit matters mainly due to the estimates required both - to measure the value of inventory and to calculate production costs and their significant effect on the income statement. Measurement of inventory value is based on the management's estimates that take into account inventory turnover within the FY, its useful life, potential reuse or liquidation of slow turnover inventory, etc. The Group's disclosures in respect of the accounting policies regarding valuation of inventory are reported in Note 5.2.15 (Inventory) and Note 6.5 (Inventory) to the financial statements.	inventory and year closing measurement of inventory value. • We monitored physical count of inventory and conducted sampling re-measurements. • We performed sampling confirmation of sound calculation of the weighted average cost method. • We assessed the Management's estimates of real estate items and slow moving inventory, making sample references to historical sales data. • We compared, on sampling basis, the sales sales prices with the cost of disposed inventory in order to identify inventory items sold at a negative profit margin. Moreover, we assessed the extent, to which it taken into account at their measure at the lower amount between acquisition cost and net realizable value. • Furthermore, we assessed the adequacy of the relative disclosures of the Company and the Group in the accompanying financial statements in this regard.

Other Information

Management is responsible for the other information. The other information comprises the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report, Representations of the Members of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the accompanying separate and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to disclose that matter. No such issue has arisen.

Responsibilities of Management and Those Charges with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Company and the Group or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

The Company's Audit Committee (Article 44, Law 4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as an aggregate, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding financial information of entities or business activities within the Group for the purpose of expressing an opinion on the separate and consociated financial statements to be able to draw reasonable conclusions on which to base the auditor's opinion. Our responsibility is to design, supervise and perform the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, management has the responsibility for the preparation of the Board of Directors' Report and the of Corporate Governance Statement included in this report , the following is to be noted:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 152, Law 4548/2018.

b) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Articles 150 - 151 and 153 - 154 and Paragraph 1 (cases c' and d'), Article 152, Law 4548/2018, and its content corresponds to the accompanying financial statements for the year ended as at 31.12.2021.

c) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS and its environment.

2. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Company Audit Committee, prepared in compliance with Article 11, Regulation (EU) No 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company and its subsidiaries the prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or other authorized non-audit services.

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 16/07/2019 Decision of the Annual Regular General Meeting of the Shareholders. Since then our appointment has been continuously renewed for a period of 2 years based on the decisions taken at the Regular General Meeting of Shareholders.

5. Operating Regulations

The Company has in place operating regulations in accordance with the content provided by the provisions of article 14, Law 4706/2020.

6. Assurance Report on financial statements in European Single Electronic Format (ESEF)

We examined the digital records of PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS SA (hereinafter the Company), prepared in accordance with the European Single Electronic Format (ESEF) requirements defined in the Delegated Regulation of the European Commission (EU) 2019/815, as amended following the Regulation (EU) 2020/1989 (hereinafter ESEF Regulation) which include separate and consolidated financial statements for the year ended as of 31 December 2021, in XHTML format (213800OVUEZXGAS3Q539-2021-12-31-el), as well as the projected XBR file (213800OVUEZXGAS3Q539-2021-12-31-el.zip) with the appropriate mark-up, on the aformenetioned consolidated financial statements.

Regulatory Framework

The digital records of the European Single Electronic Format (ESEF) are prepared in accordance with the ESEF regulation and the Commission Interpretative Communication 2020/C379/01 as of November 10th, 2020, in compliance with the provisions of Law 3556/2007 and the relevant announcements of the Hellenic Capital Market Commission and the Athens Stock Exchange (hereinafter "ESEF regulatory framework").
In summary, this framework includes, inter alia, the following requirements:

- All the annual financial statements shall be prepared in a valid XHTML format.

- For all consolidated financial statements that are drawn up in accordance with IFRS, the financial reporting included in the Statement of Comprehensive Income, in the Statement of Financial Position, in the Statement of Changes in Equity and in the Statement of Cash Flows shall be marked-up with XBRL 'tags', according to the effective ESEF

Taxonomy. The technical specifications for ESEF, including the relevant classification, are set out in the ESEF Regulatory Technical Standards.

The requirements set out in the current ESEF regulatory framework constitute the appropriate criteria for reaching a conclusion with reasonable assurance.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and submission of the separate and consolidated financial statements of the Company for the year ended as at December 31st, 2021 in accordance with the requirements defined in the ESEF Regulatory Framework and for such internal control as management determines is necessary to enable the preparation of digital records that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to design and conduct this assurance engagement in accordance with no. 214/4/11-02-2022 Decision of the Board of Directors of the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) and the "Guidelines on the auditors' involvement and assurance report in European Single Electronic Format (ESEF) on of issuers with a regulated market listed securities" as issued by the Institute of Certified Public Accountants of Greece on 14/02/2022 (hereinafter "ESEF Guidelines"), in order to obtain reasonable assurance that the separate and the consolidated financial statements of the Company, prepared by the management in accordance with ESEF, are in compliance, in all material respects, with the effective ESEF Regulatory Framework.

We conducted our audit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and we have fulfilled our ethical obligations for independence, in accordance with Law 4449/2017 and EU Regulation 537/2014.

The assurance engagement we conducted restrictively covers the items included in the ESEF Guidelines and was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Reasonable assurance is a high level of assurance, but is not a guarantee that our audit will always detect a material misstatement regarding non-compliance with the requirements of the ESEF Regulation.

Conclusion

Based on the procedures we performed and the evidence we obtained, we conclude that the separate and consolidated financial statements of the Company for the year ended as of December 31, 2021, in XHTML format (213800OVUEZXGAS3Q539-2021-12-31-el) as well as the projected XBRL file (213800OVUEZXGAS3Q539-2021-12-31-el.zip) with the appropriate mark-up, on the above consolidated financial statements have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, 10 March 2022

The Certified Public Accountant

Panagiotis Noulas

Registry Number SOEL 40711

Grant Thornton

Chartered Accountants Management Consultants

58, Katehaki Av., 115 25 Athens, Greece

Registry Number SOEL 127

Activity Report of the Audit Committee

for the societé anonyme under the name

PAPOUTSANIS SA

(The "Company")

GEMI No.: 121914222000

1. Introduction

The Company has an Audit Committee elected by decision of the Extraordinary General Meeting of the Company held on 15.7.2021, in application of Article 44 of Law 4449/2017.

The purpose of this Report is to present a concise yet overall view of the Audit Committee's work for 2021.

2. Responsibilities of the Audit Committee.

In brief, the Audit Committee:

a) informs the Board of Directors of the audited entity of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of the financial reporting process and what was the role of the audit committee in that process;

b) monitors the financial reporting process and submits recommendations or proposals to ensure its integrity;

c) monitors the effectiveness of the internal control, quality and risk management systems as well as the effectiveness of its internal audit unit with regard to the financial reporting of the audited entity;

d) monitors the statutory audit of financial statements and in particular its performance;

e) reviews and monitors the independence of the certified auditors and the suitability of providing non-auditing services, and recommends the certified auditors to be elected.

3. Composition

Until 15.7.2021, the composition of the Audit Committee based on its election by the Ordinary General Meeting of 06.09.2018 was as follows:

- Mr. Christos Georgalis, Chairman of the Audit Committee, independent member of the Board of Directors
- Mr. Georgios Minoudis, member of the Audit Committee, non-executive member of the Board of Directors
- Mr. Meletios Bampekos, member of the Audit Committee, independent third party (non-member of the Board of Directors).

The Ordinary General Meeting of the Company was held in 15.7.2021, where the following members of the Audit Committee were elected. In its constituent sitting on the same day, the Audit Committee comprised of the following persons:

- Mr. Christos Georgalis, Chairman of the Audit Committee, independent member of the Board of Directors
- Mr. Antonios Barounas, member of the Audit Committee, independent member of the Board of Directors
- Mr. Efstathios Banilas, member of the Audit Committee, third party (non-member of the Board of Directors).

4. Meetings of the Audit Committee

According to its Regulation, the Audit Committee meets at least four (4) times a year. The total number of meetings held within the year is determined according to the needs and tasks of the Audit Committee. During 2021, the Audit Committee met twelve (12) times on the following dates: 27.01.2021, 16.03.2021, 18.03.2021, 19.03.2021, 24.03.2021, 13.04.2021, 22.04.2021, 14.07.2021, 15.07.2021, 16.07.2021, 02.08.2021 and 29.10.2021.

All the members of the Audit Committee were present at the above meetings and all decisions were taken unanimously.

Minutes are kept for each meeting, which are signed by all members of the Audit Committee. It is noted that, in addition to the meetings, the members of the Audit Committee, in the performance of their duties in accordance with the Regulation (EU) No. 537/2014, Article 44 of

Law 4449/2017, the decision 1302/2017 of the Hellenic Capital Market Commission and the applicable laws, have regular communication with the certified auditor of the Company, the internal auditor, the CFO and with the Company management in general.

5. Actions of the Audit Committee

➢ **Financial Statements - Statutory Audit**

From 01.01.2021 to 31.12.2021:

• The Audit Committee was briefed by the Chartered Accountant-Auditor on the audit planning, schedules, audit approach, audit scope, method of determining materiality, significant audit matters, how to assess the most significant risks, and the proposed financial audit procedures for the 2020 financial statements and the 2021 semi-annual financial statements.

• The Audit Committee reviewed the financial statements of the Company (corporate and consolidated) before their submission to the Board of Directors for approval, prepared in accordance with International Financial Reporting Standards (IFRS) and found them complete and consistent as to the information provided after considering the accounting principles applied by the Company.

• After completing the annual statutory audit of the 2020 financial statements, the Audit Committee examined the issues that arose and evaluated the audit results.

• In auditing the 2020 financial statements, the Audit Committee examined the final supplementary report of the Company's certified auditors against the audit report.

• Based on all the data, the Audit Committee confirmed that the significant issues and risks identified during the audit process have been adequately addressed by the external auditors and by the Company itself.

It is noted that throughout the preparation and audit of the 2020 financial statements, the Audit Committee carried out all the actions mentioned in point B.i of decision 1302/2017 of the Hellenic Capital Market Commission.

• Regarding the 2020 financial statements, the Audit Committee informed the Board of Directors about the statutory audit's role in ensuring the quality and integrity of financial reporting, namely, the accuracy, completeness and correctness of the financial reporting approved by the Board of Directors and made public. The Audit Committee also provided information on its own role in the above process, recalling the actions taken during the statutory audit process to ensure the integrity of financial reporting.

• It also recommended to the Board of Directors to re-appoint the audit firm “GRANT THORNTON SA CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS” so as to audit the 2021 financial statements.

Note: References made above to "financial statements" include both corporate and consolidated financial statements.

➢ **Structure and Processes of the Internal Control System**

From 01.01.2021 to 31.12.2021, the Audit Committee:

- Approved the audit plan of the Internal Audit Unit for the year 2021.
- Reviewed and evaluated the efficiency and effectiveness of the Internal Control System processes and made relevant recommendations.
- Worked together with the Internal Auditor, and discussed the findings and conclusions drawn on the audit reports. In 2021, great emphasis was also placed on the challenges faced by the Company due to the COVID-19 pandemic.
- Monitored the implementation of the annual audit plan based on the quarterly reports of the Internal Audit Unit.

The Audit Committee strives to improve the level of internal Company processes by taking initiative or joining initiatives on an ongoing basis.

During 2021, the Audit Committee also contributed to the process of aligning Company operations with Articles 1 to 24 (on corporate governance) of Law 4706/2020. To achieve this, the Company engaged specialised external consultants.

Moreover, following its constituent sitting and election, the Audit Committee approved its revised Regulation.

In conclusion, even though not required under Article 151 of Law 4548/2018, the Company has a sustainable development policy that does not meet the conditions of this provision. This policy stipulates that the Company adopts and complies with the applicable laws on sustainable development and the implementation of standards, policies, internal instructions and related procedures applied by the Company, as well as other requirements arising from voluntary agreements, which are endorsed and accepted by Papoutsanis SA.

Vathi, Avlida, 02.03.2022

D. FINANCIAL STATEMENTS

1. Statement of financial position

ASSETS	Σημ.	GROUP 31.12.2021	GROUP 31.12.2020 Restated	GROUP 01.01.2020 Restated	COMPANY 31.12.2021	COMPANY 31.12.2020 Restated	COMPANY 01.01.2020 Restated
Non-current assets							
Tangible assets	6.1	39.554.676	32.352.099	27.821.937	39.554.676	32.352.099	27.821.937
Investments in real estate property	6.2	226.707	226.707	226.707	226.707	226.707	226.707
Intangible assets	6.3	249.219	225.252	177.878	249.219	225.252	177.878
Investments in subsidiaries						52.166	40.208
Long-term receivables	6.4	39.646	18.925	17.797	39.646	18.925	16.876
		40.070.249	**32.822.984**	**28.244.319**	**40.070.249**	**32.875.149**	**28.283.606**
Current assets							
Reserves	6.5	7.171.973	7.492.943	3.870.807	7.171.973	7.473.607	3.848.071
Trade receivables	6.6	7.409.763	4.421.961	3.980.057	7.409.763	4.421.961	3.980.057
Receivables (Checks)	6.6	88.548	233.537	108.896	88.548	233.537	108.896
Other receivables	6.6	2.458.862	2.126.219	649.616	2.458.862	2.126.143	610.728
Cash and cash equivalents	6.7	6.377.744	4.256.667	2.650.657	6.377.744	4.239.236	2.639.812
		23.506.890	**18.531.326**	**11.260.032**	**23.506.890**	**18.494.484**	**11.187.564**
Total Assets		**63.577.139**	**51.354.310**	**39.504.351**	**63.577.139**	**51.369.633**	**39.471.170**
EQUITY							
Total Equity attributable to the shareholders of the parent company							
Share capital	6.8	14.582.616	14.529.291	14.819.862	14.582.616	14.529.291	14.819.862
Share premium		1.854.458	1.819.487	14.431.168	1.854.458	1.819.487	14.431.168
Own shares		(60.406)			(60.406)		
Reserves at fair value	6.9	1.551.930	1.551.930	1.551.930	1.551.930	1.551.930	1.551.930
Exchange differences			(1.908)	(275)			
Other reserves	6.10	529.291	237.435	217.200	529.291	237.435	217.200
Results carried forward		6.819.552	3.949.992	(11.425.027)	6.819.552	3.981.989	(11.390.861)
Total Equity of the Company		**25.277.440**	**22.086.227**	**19.594.858**	**25.277.440**	**22.120.132**	**19.629.299**
Non-controlling interest			18.261	(8.600)			
Total Equity		**25.277.440**	**22.104.488**	**19.586.258**	**25.277.440**	**22.120.132**	**19.629.299**
LIABILITIES							
Long-term liabilities							
Long-term borrowings	6.11	12.664.254	9.093.029	5.892.022	12.664.254	9.093.029	5.892.022
Deferred Income Tax	6.12	3.598.029	3.672.526	3.392.804	3.598.029	3.672.526	3.392.804
Provisions for employee benefits	6.13	323.611	341.900	321.147	323.611	341.900	321.147
Other provisions	6.14		760.643	175.142		760.643	175.142
Grants of assets	6.15	1.522.769	1.241.220	1.368.385	1.522.769	1.241.220	1.368.385
		18.108.663	**15.109.318**	**11.149.501**	**18.108.663**	**15.109.318**	**11.149.501**
Short-term liabilities							
Suppliers	6.16	12.358.638	7.992.122	5.406.224	12.358.638	7.992.122	5.346.863
Other liabilities	6.16	1.985.184	1.643.652	1.101.079	1.985.184	1.643.330	1.084.216
Current Income Tax		1.198.775	1.102.378		1.198.775	1.102.378	
Short-term loans	6.11	4.024.438	3.402.352	2.261.290	4.024.438	3.402.352	2.261.290
Provisions	6.14	624.000			624.000		
		20.191.036	**14.140.504**	**8.768.592**	**20.191.036**	**14.140.183**	**8.692.369**
Total liabilities		**38.299.699**	**29.249.821**	**19.918.093**	**38.299.699**	**29.249.500**	**19.841.870**
Total equity and liabilities		**63.577.139**	**51.354.310**	**39.504.351**	**63.577.139**	**51.369.633**	**39.471.170**

2. Statement of comprehensive income

		GROUP		COMPANY	
		01.01-31.12.2021	**01.01-31.12.2020** Restated	**01.01-31.12.2021**	**01.01-31.12.2020** Restated
Sales	6.17	54.768.621	40.841.939	54.768.621	40.798.694
Cost of sales	6.18	(36.995.416)	(27.776.800)	(36.995.416)	(27.763.564)
Gross profit		**17.773.205**	**13.065.140**	**17.773.205**	**13.035.130**
Other revenues	6.19	832.316	697.213	832.316	686.051
Distribution expenses		(7.322.168)	(3.806.192)	(7.322.168)	(3.806.192)
Administrative expenses		(3.215.951)	(2.398.366)	(3.215.951)	(2.353.581)
Research and development expenses		(890.999)	(677.406)	(890.999)	(677.406)
Other expenses	6.20	(455.728)	(989.880)	(455.728)	(989.373)
Finance cost (net)	6.22	(574.406)	(559.857)	(574.406)	(558.998)
Loss from sale of interest		(43.027)		(44.243)	
Profits before Tax		**6.103.242**	**5.330.652**	**6.102.026**	**5.335.631**
Deferred Income Tax		39.153	(325.049)	39.153	(325.049)
Current Income Tax	6.23	(1.215.748)	(1.102.378)	(1.215.748)	(1.102.378)
Net period earnings from continuing operations		**4.926.647**	**3.903.225**	**4.925.431**	**3.908.204**
- Owners of parent Company		4.926.647	3.905.715	4.925.431	3.908.204
- Non-controlling interests			(2.489)		
Loss from discontinuing operations		(1.216)			
Net profits for the period (A)		**4.925.431**	**3.903.225**	**4.925.431**	**3.908.204**
Other Total Income					
Items that will not be reclassified later in the results					
Reconsiderations of defined benefit plans		(38.059)	(138.838)	(38.059)	(138.838)
Deferred Income Tax		8.373	45.327	8.373	45.327
Items that are reclassified later in the results					
Consolidation foreign exchange differences			(1.633)		
Deferred income tax		(8.320)		(8.320)	
Deferred tax from change in tax rate		35.291		35.291	
Other total income after tax (B)		(2.714)	**(95.143)**	**(2.714)**	**(93.510)**
Total comprehensive income after tax (A+B)		**4.922.716**	**3.808.082**	**4.922.716**	**3.814.694**
- Owners of parent Company		4.922.716	3.810.572	4.922.716	3.814.694
- Non-controlling interests			(2.489)		
Profit / (loss) after tax per share	6.24	0,1823	0,1555	0,1822	0,1556

3. Statement of changes in equity

GROUP	Share capital	Own Shares	Share Premium	Fair value reserves	Other reserves	Retained earnings	Consolidation foreign exchange differences	Non-controlling interest	Total
Balance at 1.1.2020	**14.819.862**		**14.431.168**	**1.551.930**	**217.200**	**(11.783.630)**	**(275)**	**(8.600)**	**19.227.655**
Restatement due to implementation of IAS 8						**358.604**			**358.604**
Balance at 1.1.2020 RESTATED	**14.819.862**		**14.431.168**	**1.551.930**	**217.200**	**(11.425.027)**	**(275)**	**(8.600)**	**19.586.258**
Net income for the year						3.812.204		(2.489)	**3.809.715**
Change in retained earnings from adjustments of previous years						4.658		4.658	**9.317**
Share Capital increase	965.349							26.325	**991.674**
Transfer to reserves					191.308	(191.308)			
Capitalized reserves tax			(67.940)						**(67.940)**
Deletion of reserves with offsetting losses			(12.543.741)		(171.073)	11.749.464			**(965.350)**
Share capital decrease	(1.255.921)								**(1.255.921)**
Foreign exchange differences from the conversion of foreign business activities							(1.633)	(1.633)	**(3.266)**
Changes in the period	**(290.571)**		**(12.611.681)**		**20.235**	**15.375.019**	**(1.633)**	**26.861**	**2.518.230**
Balance at 31.12.2020	**14.529.291**		**1.819.487**	**1.551.930**	**237.435**	**3.949.992**	**(1.908)**	**18.261**	**22.104.488**
Balance at 1.1.2021	**14.529.291**		**1.819.487**	**1.551.930**	**237.435**	**3.949.992**	**(1.908)**	**18.261**	**22.104.488**
Net income for the year						4.954.715		(18.261)	**4.936.455**
Dividend						(1.816.493)			**(1.816.493)**
Dividend tax						(68.348)			**(68.348)**
Share capital increase	53.325		45.425						**98.750**
Transfer to reserves					246.272	(246.272)			
Capitalized reserves tax			(10.455)						**(10.455)**
Reserves for payments based on equity securities					45.584	45.959			**91.543**
Own shares		(60.406)							**(60.406)**
Foreign exchange differences from the conversion of foreign business activities							1.908		**1.908**
Changes in the period	**53.325**	**(60.406)**	**34.970**		**291.856**	**2.869.561**	**1.908**	**(18.261)**	**3.172.954**
Balance at 31.12.2021	**14.582.616**	**(60.406)**	**1.854.458**	**1.551.930**	**529.291**	**6.819.552**			**25.277.440**

COMPANY	Share Capital	Own Shares	Share premium	Fair value reserves	Other reserves	Retained earnings	Total
Balance at 1.1.2020	**14.819.862**		**14.431.168**	**1.551.930**	**217.200**	**(11.749.464)**	**19.270.696**
Restatement due to implementation of IAS 8						**358.604**	**358.604**
Balance at 1.1.2020 RESTATED	**14.819.862**		**14.431.168**	**1.551.930**	**217.200**	**(11.390.861)**	**19.629.299**
Net income for the year						3.814.694	3.814.694
Share capital increase	965.349						965.349
Transfer to reserves					191.308	(191.308)	
Capitalized reserves tax			(67.940)				(67.940)
Deletion of reserves with offsetting losses			**(12.543.741)**		(171.073)	11.749.464	(965.350)
Share capital decrease	(1.255.921)						(1.255.921)
Changes in the period	**(290.571)**		**(12.611.681)**		**20.235**	**15.372.850**	**2.490.833**
Balance at 31.12.2020	**14.529.291**		**1.819.487**	**1.551.930**	**237.435**	**3.981.989**	**22.120.132**
Balance at 1.1.2021	**14.529.291**		**1.819.487**	**1.551.930**	**237.435**	**3.981.989**	**22.120.132**
Net income for the year						4.922.716	4.922.716
Dividend						(1.816.493)	(1.816.493)
Dividend tax						(68.348)	(68.348)
Share capital increase	53.325		45.425				98.750
Own shares		(60.406)					(60.406)
Transfer to reserves					246.272	(246.272)	
Capitalized reserves tax			(10.455)				(10.455)
Reserves for payments based on equity securities					45.584	45.959	91.543
Changes in the period	**53.325**	**(60.406)**	**34.970**		**291.856**	**2.837.562**	**3.157.307**
Balance at 31.12.2021	**14.582.616**	**(60.406)**	**1.854.458**	**1.551.930**	**529.291**	**6.819.552**	**25.277.440**

4. Statement of cash flows (indirect method)

	GROUP		COMPANY	
Operating activities	**01.01-31.12.2021**	**01.01-31.12.2020**	**01.01-31.12.2021**	**01.01-31.12.2020**
Profits before tax	6.103.242	5.330.652	6.102.026	5.335.631
Profit/(Loss) before tax from discontinuing operations	(1.216)			
Plus / (minus) adjustments for:				
Depreciations	1.747.418	1.919.126	1.747.418	1.919.126
Provisions	338.890	963.078	338.890	963.078
Depreciations of grants	(161.587)	(227.198)	(161.587)	(227.198)
(Revenues) / expenses of investments	44.243		44.243	
Finance cost (net)	574.406	556.401	574.406	555.542
	8.645.396	8.542.059	8.645.396	8.546.179
Plus/Less adjustments of working capital or related to operating activities:				
Decrease/(increase) of receivables	(3.196.254)	(2.038.305)	(3.196.254)	(2.084.009)
Decrease/(increase) of inventory	357.634	(3.641.136)	357.634	(3.644.536)
Decrease/(increase) of payables (excluding banks)	3.546.240	2.771.319	3.563.670	2.858.588
Less:				
Interest payable and related expenses paid	(513.147)	(328.657)	(513.147)	(328.657)
Total inflows / (outflows) of operational activities (a)	**8.839.869**	**5.305.281**	**8.857.300**	**5.347.566**
Investment activities				
Participation in subsidiaries				(11.958)
Sale of subsidiary	7.922		7.922	
Purchase of tangible and intangible assets	(9.029.415)	(6.496.663)	(9.029.415)	(6.496.663)
Proceeds from sales of tangible and intangible assets	55.453		55.453	
Total inflows / (outflows) of investment activities (b)	**(8.966.039)**	**(6.496.663)**	**(8.966.039)**	**(6.508.621)**
Financing activities				
Capital decrease		(1.254.703)		(1.254.703)
Own shares	(60.406)		(60.406)	
Proceeds from capital increase	98.750	36.291	98.750	
Proceeds from issued/ taken up loans	10.226.900	10.000.000	10.226.900	10.000.000
Proceeds from grants	434.466		434.466	
Repayment of loans	(5.941.072)	(5.499.580)	(5.941.072)	(5.499.580)
Repayment of liabilities from leasing agreements (payment of interest)	(626.853)	(485.237)	(626.853)	(485.237)
Dividend paid	(1.884.537)		(1.884.537)	
Total inflows / (outflows) of financing activities (c)	**2.247.248**	**2.796.770**	**2.247.248**	**2.760.479**
Total increase (decrease) of cash and cash equivalents of the period (a) + (b) + (c)	**2.121.078**	**1.605.387**	**2.138.508**	**1.599.424**
Cash and cash equivalents at the beginning of the period	4.256.667	2.650.657	4.239.236	2.639.812
Exchange differences in cash and cash equivalents		622		
Cash and cash equivalents at the end of the period	**6.377.744**	**4.256.667**	**6.377.744**	**4.239.236**