

# PAPOUTSANIS S.A.

ANNUAL REMUNERATION REPORT 2021

21 March 2022

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## Introduction

This Remuneration Report depicts the total remuneration of the members of the Board of Directors of the company Papoutsanis S.A. (hereinafter the “**Company**”). It has been prepared in accordance with the provisions of Article 112 of Law 4548/2018. All amounts cited are in Euro.

The Extraordinary General Meeting of 15.7.2021 unanimously approved a revision of the Company's remuneration policy in accordance with Law 4548/2018, which is valid for 4 years from approval.

This remuneration report describes how the remuneration policy is being implemented.

Note that no derogations and deviations from the approved policy were identified during 2021.

The remuneration policy is posted on the Company's website [www.papoutsanis.gr](http://www.papoutsanis.gr).

## Company performance in 2021

In 2021 consolidated turnover stood at €54.8 million compared to €40.8 million in 2020, up some 34%.

Papoutsanis' turnover grew due to the company's excellent performance in all sectors in which it operates.

Consolidated gross profit in 2021 was positively impacted by the growth in sales and stood at €17.8 million compared to €13.1 million in 2020, up some 36%. The gross profit margin stood at 32.5% compared to 32.0% in 2020. Consolidated earnings before taxes stood at €6.1 million compared to earnings of €5.3 million in 2020, while earnings after taxes stood at €4.9 million compared to earnings of €3.9 million in 2020.

## The Board of Directors

The members of the Board of Directors and their roles in 2021 were as follows:

- Georgios Gatzaros, executive member, Chairman
- Menelaos Tassopoulos, executive member:
  - From 1 January to 14 July 2021, Vice-Chairman and Managing Director
  - From 15 July to 31 December 2021, Managing Director
- Mary Iskalatian, executive member, CFO
- Christos Georgalis, Non-executive, independent member
- Dimitrios Papoutsanis:
  - From 1 January to 14 July 2021, non-executive independent member
  - From 15 July to 31 December 2021, non-executive member, Vice-Chairman
- Georgios Minoudis:
  - From 1 January to 14 July 2021, non-executive member
- Antonios Barounas:
  - From 15 July to 31 December 2021, non-executive independent member

## Total remuneration of Board members

The table below shows the total gross remuneration of the members of the Board of Directors for 2021.

Other than the following, no further fee or remuneration was granted or paid in any manner during 2021 to the members of the Board of Directors in any form whatsoever.

All remuneration is presented in gross figures.

Table 1

2021	Fixed remuneration	Variable remuneration	Variable remuneration as a % of total remuneration	Other benefits	Total
Georgios Gatzaros	218,447	50,000	19%	22,495	<b>290,942</b>
Menelaos Tassopoulos	218,447	70,000	24%	13,395	<b>301,842</b>
Mary-Chaigkoui Iskalatian	95,350	13,000	12%	6,709	<b>115,059</b>
Christos Georgalis	23,400	0	0%	1,371	<b>24,771</b>
Georgios Minoudis	8,750	0	0%		<b>8,750</b>
Dimitrios Papoutsanis	6,932	0	0%		<b>6,932</b>
Antonios Barounas	5,546	0	0%		<b>5,546</b>

\*The above remuneration for Mr. Christos Georgalis includes his fee of €10,000 as an independent non-executive member of the Board of Directors and on the other hand his fee of €13,400 as Chairman of the Audit Committee.

\*\*The above remuneration for Mr. Georgios Minoudis includes his fee of €5,750 as a non-executive member of the Board of Directors and on the other hand his fee of €3,000 as a member of the Audit Committee.

\*\*\*The above remuneration for Mr. Antonios Barounas includes his fee of €4,000 as a non-executive member of the Board of Directors and on the other hand his fee of €1,546 as a member of the Audit Committee.

## Remuneration in the form of shares and/or options

In accordance with term 3.1.2 of the remuneration policy, in its decision of 30.03.2021 the Board of Directors set the level of variable remuneration for its executive members and the targets that should be achieved in relation to the year 2021 so that its executive members are entitled to such remuneration. These are described in more detail in table 2 and in paragraph 6 directly below in relation to the stock options given to Mrs. Mary Iskalatian.

### Compliance with the remuneration policy

As far as Mrs. Iskalatian is concerned, it was decided among other things to provide variable remuneration in the form of 20,000 stock options for common registered shares in the Company arising from a share capital increase or sale of own shares at an exercise price of two euros and twenty-five cents (€2.25) each, if both a growth in turnover over 20% and a net borrowing/turnover ratio of less than 25% were achieved in 2021. The Board of Directors was authorised to adopt such a stock option programme on 5.5.2021. The value of the options at their grant, calculated as the closing price of the share on 30.3.2021, when the relevant targeting decision was taken, less their exercise price, was €0.00, in other words €2.25 per share (closing price on 30.3.2021) less the exercise price of €2.25 per option x 20,000 options [(2.25-2.25)x20,000]. Half of the rights are to be exercised in June 2023 and half in June 2024, with only a service condition, namely that Ms. Iskalatian remains with the Company until they are exercised. Consequently, rights will be vested at the start of the exercise period.

### Non-executive Board members

According to the Company's remuneration policy, non-executive members of the Board of Directors only receive fixed remuneration in cash of up to €15,000 per year, depending on the monitoring sector and/or any other special issues assigned to them. This fee includes any participation in the individual committees of the Company's Board of Directors, with the exception of the Audit Committee.

If a non-executive member is Chairman or Vice-Chairman of the Board of Directors, he/she may additionally receive up to €10,000 per year.

The Chairman of the Audit Committee may also receive an annual fee of up to €20,000 for participation in the Audit Committee and its members an annual fee of up to €15,000.

Mr. Christos Georgalis, as an independent non-executive member of the Board of Directors and Chairman of the Audit Committee, received €23,400 (gross) in 2021.

Mr. Christos Georgalis was also paid €1,371 for travel expenses for Board of Directors' meetings.

Mr. Georgios Minoudis, as a non-executive member of the Board of Directors and member of the Audit Committee, received €8,750 (gross) in 2021.

Mr. Antonios Barounas, as an independent non-executive member of the Board of Directors and member of the Audit Committee, received €5,546 (gross) in 2021.

## Executive Board members

### Fixed remuneration

Executive members of the Board of Directors receive fixed remuneration in accordance with the remuneration policy in the context of an employment relationship. They do not receive any separate fixed remuneration in their capacity as members of the Board of Directors.

Fixed remuneration reflects the extent of their duties and the responsibilities they undertake, in light of market forces and the Company's need to attract and retain top class executives.

Of the fixed remuneration, at least 30% is in cash, while the rest may be in any of the other forms of fixed remuneration as set out in detail in the remuneration policy.

The adjustment (increase) shall not exceed 10% of the fixed remuneration per year or 30% overall over the three-year period, in other words by comparing the fixed remuneration at the start and end of the three-year period per person.

### Variable remuneration

The remuneration policy sets a maximum percentage limit on variable remuneration equal to 200% of the fixed remuneration for the executive chairman, executive vice-chairman and general manager or managing director and 150% of the fixed remuneration for other executive members of the Board of Directors. In 2021, in accordance with the remuneration policy and the decisions of the Board of Directors of 30.3.2021, 17.7.2021, 11.2.2022 and 18.2.2022, it was decided to pay variable remuneration in cash to three executive members of the Board of Directors and to grant 20,000 stock options to Mrs. Iskalatian, as described above. More specifically:

Table 2:

Executive Board Member	Performance criteria (on a sliding scale)	Maximum variable remuneration	% in accordance with the decision laying down the criteria	Achievement	Variable remuneration decided	Variable remuneration as a % of fixed remuneration	Amount paid
Georgios Gatzaros	Growth in turnover over 20%	25,000	Up to 23% of fixed remuneration	100%	25,000	23%	50,000
	Improved profitability (before taxes) by over 10%	25,000		100%	25,000		
Menelaos Tassopoulos	Growth in turnover over 20%	25,000	Up to 32% of fixed remuneration	100%	25,000	32%	70,000

	Improved profitability (before taxes) by over 10%	25,000		100%	25,000		
	Net borrowing / turnover <25%	20,000		100%	20,000		
Mary Iskalatian	Growth in turnover over 20%	5,000	Up to 14% of fixed remuneration	100%	5,000	14%	13,000
	Improved profitability (before taxes) by over 10%	5,000		100%	5,000		
	Net borrowing / turnover <25%	3,000		100%	3,000		

Executive Board Member	Performance criteria	Value of stock options in decision laying down the criteria (grant decision) (€)	% in accordance with the decision laying down the criteria	Achievement	Stock options granted
Mary Iskalatian	Turnover, growth over 20% Net bank borrowing / turnover below 25%	0	0% of fixed remuneration	Yes	20,000

#### Other benefits

Other benefits paid and recorded in table 1 above correspond to car hire and Medicare insurance expenses.

#### Derogations and deviations from the remuneration policy

There are no deviations from the remuneration policy.

## Comparative information about changes in remuneration and Company performance

The table below shows the annual change in the remuneration of members of the Board of Directors, the Company's financial performance figures and the average salary of Company full-time employees, other than Board members, over the last 5 years.

Table 3

	2017	2018	2019	2020	2021
Board of Directors' fees	975,228	748,732	999,304	785,325	753,842
Annual change in Euro	-12,030	-226,496	250,572	-213,979	-31,483
Annual change as a %	-1%	-23%	33%	-21%	-4%
Turnover	20,775,451	24,240,709	30,682,488	40,798,694	54,768,621
Annual change in Euro	2,743,324	3,465,258	6,441,779	10,116,206	13,969,927
Annual change as a %	15%	17%	27%	33%	34%
EBT	538,567	1,062,282	1,923,495	5,330,652	6,103,242
Annual change in Euro	418,840	523,715	861,213	3,407,157	772,590
Annual change as a %	350%	97%	81%	177%	14%
Average salary of employees other than Board members	22,023	23,323	23,188	23,080	24,504
Annual change in Euro	119	1,300	-135	-108	1,424
Annual change as a %	1%	6%	-1%	0%	6%
Average number of employees other than Board members	106	115	131	144	164
Change in number of employees	7%	8%	14%	10%	14%

Finally, with regard to the obligation provided for in Article 112(3) of Law 4548/2018, it should be noted that the remuneration report for the year 1.1.2020- 31.12.2020 was unanimously approved by all shareholders present at the Company's Ordinary General Meeting held on 5.5.2021.

21 March 2022

For the Board of Directors