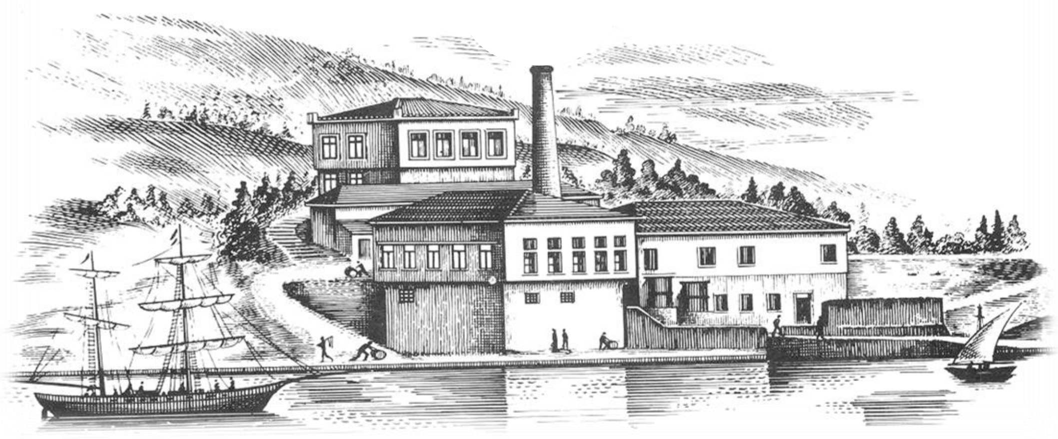
PAPOUTSANIS S.A.

ANNUAL FINANCIAL REPORT

Financial Year 2020

(1 January - 31 December 2020)



Anonymous Industrial and Commercial Company of Consumer Goods
Register No. G.E.M.I. 121914222000
71st km. Athens-Lamia highway, Vathi Avlidos, Chalkida

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

Pursuant to Law 3556/2007 regarding the "Transparency requirements for information on issuers whose securities have been admitted to trading on a regulated market and other provisions", the undersigned declare that to the best of our knowledge:

1. The Annual Financial Statements for the financial year 2020 (01.01.2020 - 31.12.2020), which have been prepared in accordance with the applicable accounting standards, present fairly the assets and liabilities, net assets and results of operations of PAPOUTSANIS S.A., in accordance with the provisions of Law 3556/2007.

2. The Annual Management Report of the Board of Directors of PAPOUTSANIS S.A. presents fairly the information required by Law 3556/2007.

Vathi Avlida, 19 March 2021

CHAIRMAN OF THE BOARD	CHIEF EXECUTIVE OFFICER	BOARD MEMBER
GEORGIOS GATZAROS	MENELAOS TASSOPOULOS	MARY ISKALATIAN

B. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY IN ACCORDANCE WITH ARTICLES 150 and 153 OF LA 4548/2018 AND ARTICLES 4(6) AND (7) OF LA 3556/2007

The Board of Directors of Papoutsanis S.A. (the Company) presents the Annual Management Report on the Annual Financial Statements for the financial year ended 31 December 2020, which has been prepared in accordance with the relevant provisions of the applicable law. 4548/2018, Law 3556/2007 and the executive decisions of the Board of Directors of the Hellenic Capital Market Commission issued pursuant to the same. This report constitutes a single report pursuant to Article 153 par. 4 v. 4548/2018.

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

1. Evolution and performance over the reporting period

Turnover - sales

In 2020, consolidated turnover amounted to EUR 40.8 million compared to EUR 30.7 million in 2019, an increase of 33%.

The growth of Papoutsanis' turnover is due to the company's high performance in the categories of branded products and third party producers, while the increase in sales of special soap masses, raw material for the production of solid soap, also contributed significantly. In this way, the company managed to compensate for part of the decline in sales to the hotel market in Greece and abroad, which this year saw a 66% drop in sales compared to 2019.

At the same time, from the beginning of April 2020, Papoutsanis, having received the approval of the competent authorities, integrated the production of biocides and disinfectants into its main activity, utilizing part of the production of the state-of-the-art plant in Ritsona Evia.

Exports amounted to EUR 20 million, representing more than 49% of total turnover, compared to EUR 15 million in the previous financial year.

25% of the total turnover comes from sales of Papoutsanis branded products in Greece and abroad, 8% from sales to the hotel market, 53% from the production of products for third parties and 14% from industrial sales of soap mixes.

Turnover moved in relation to the previous financial year, by product category, as follows:

- **Branded products.** This category grew by 88% thanks to increased demand for personal hygiene and antiseptic products as a result of the COVID-19 pandemic.
- **Hotel products**. Sales of this category decreased by 66%, following the general trend of declining tourism both in Greece and abroad.
- **Third party products (industrial sales, private label)**. This category showed an increase of 84% compared to the year 2019. This growth came from both the expansion of

existing cooperation with a major foreign customer and the start of new partnerships with multinational companies for the production of their products, mainly soaps.

- **Industrial soap sales.** This category grew by 36% due to exports. This growth is due to the expansion of the customer base and the general increase in demand, as it is an intermediate product used in the production of soaps.

Gross Profit

Gross profit in fiscal 2020 was positively impacted by sales growth and amounted to EUR 13.1 million compared to EUR 8.8 million in fiscal 2019, an increase of 48%.

Operating expenses

The Group's selling, administration, research and development expenses amounted to EUR 7.0 million in FY 2020 compared to EUR 6.4 million (in 2019), representing an increase of 10%, mainly due to variable costs in relation to turnover.

Results

Consolidated profit before tax amounted to EUR 5.2 million, compared to a profit of EUR 1.9 million in 2019, while profit after tax amounted to EUR 3.8 million compared to a profit of EUR 1.3 million in 2019. Similarly, the parent company's profit before tax amounted to EUR 5.2 million compared to EUR 1.9 million in 2019, while profit after tax amounted to EUR 3.8 million compared to a profit of EUR 1.4 million in 2019.

Operating flows

The Group's operating cash flow was positive and amounted to EUR 5.3 million, compared to EUR 3.8 million in 2019, representing an increase of 39%. The Company's operating cash flows were also positive and amounted to EUR 5.3 million, compared to EUR 3.9 million in 2019, an improvement of 36%. Operating cash flows have been negatively impacted by an amount of EUR 1.4 million relating to a VAT receivable for the year as a consequence of the one-off reduction in VAT on the products in which the Company operates.

Lending

The Group's and the Company's net debt (bank loans less cash) amounted to EUR 8.2 million (compared to EUR 5.5 million in 2019), which corresponds to 20% of the Company's consolidated turnover (compared to 18% in 2019) and 16% of its total assets (compared to 14% in 2019).

Fixed equipment

The depreciated value of fixed assets (tangible and intangible fixed assets) amounted to EUR 32.6 million as at 31.12.2020 compared to EUR 28.0 million in 2019.

Financial structure

Total liabilities in relation to equity amounted to EUR 1.37 million as at 31 December 2020, compared to EUR 1.05 million as at 31 December 2019.

Working capital-Liquidity

Working capital (current assets less current liabilities) as at 31.12.2020 amounted to EUR 4.4 million, compared to EUR 2.5 million as at 31.12.2019.

Alternative Performance Measurement Indicators (APAs)

The company and the group use Alternative Performance Measurement Indicators ("AIMIs") in making decisions regarding its financial, operational and strategic planning, as well as for the evaluation and publication of its performance. These KPIs serve to provide a better understanding of the Company's financial and operating results, its financial position and its cash flow statement. The alternative measures (ALRs) should always be considered in conjunction with the financial results prepared in accordance with IFRS and in no way replace them.

GROUP	2020	2019
General Liquidity		
(Current assets / Current liabilities) x 100	131%	128%
The ratio reflects the coverage of current liabilities by total current assets		
Inventory turnover rate		
(Inventories / Cost of sales) x 365 days	98	65
The indicator reflects the average number of days that the Company keeps the inventories in stock.		
Speed of collection of commercial receivables		
(Trade Receivables / Sales) x 365 days	42	49
The indicator shows the average number of days that the company's receivables are collected.		
Speed of payment of short-term liabilities other than banks		
(Short-term liabilities other than banks/cost of sales) x 365 days	141	109
The ratio reflects the average number of days that the Company's non-bank short-term liabilities are repaid.		
Gross profit margin		
(Gross Profit / Sales) x 100	32,0%	28,7%
The indicator shows gross profit as a percentage of sales		
Net profit margin		
(Net Profit / Sales) x 100	9,4%	4,4%
The indicator shows net profit after tax as a percentage of sales.		
Capital charge		
(Debt / Equity) x 100	137%	105%
The ratio shows the amount of Liabilities (current and long-term) as a percentage of equity.		
Net Borrowing		
Long-term loans + Short-term loans - Cash and cash equivalents	8.238.714	5.502.655

COMPANY	2020	2019
General Liquidity		
(Current assets / Current liabilities) x 100	131%	129%
The ratio reflects the coverage of current liabilities by total current assets		
Inventory turnover rate		
(Inventories/ Cost of sales) x 365 days	98	64

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(Trade Receivables / Sales) x 365 days	42	49
The indicator shows the average number of days that the company's receivables are collected.		
Speed of payment of short-term liabilities other than banks		
(Short-term liabilities other than banks/cost of sales) x 365 days	141	107
The ratio reflects the average number of days that the Company's non-bank short-term liabilities are repaid.		
Gross profit margin		
(Gross Profit / Sales) x 100	31,9%	28,7%
The indicator shows gross profit as a percentage of sales		
Net profit margin		
(Net Profit / Sales) x 100	9,4%	4,6%
The indicator shows net profit after tax as a percentage of sales.		
Capital charge		
(Debt / Equity) x 100	137%	105%
The ratio shows the amount of Liabilities (current and long-term) as a percentage of equity.		
Net Borrowing		
Long-term loans + Short-term loans - Cash and cash equivalents	8.256.145	5.513.500

2. Other important information for the year ended 31 December 2020

Properties of the Group

There was no change in the Group's properties, which are presented in the following table:

ADDRESS	AREA (in sq.m.)	USE
Land in Ritsona, Boeotia (on which the factory is located)	36.516	Self-service
Plot of land in Ritsona of Boeotia	4.888	Self-service
Plot of land in Ritsona of Boeotia	2.920	Self-service
Plot of land in Ritsona of Boeotia	2.898	Self-service
Plot of land in Ritsona of Boeotia	868	Self-service
Plot of land in Ritsona of Boeotia	8.406	Self-service

Main facilities in Ritsona, Boeotia	9.672	Self-service
Facilities in Ritsona, Boeotia	3.046	Self-service
Farm in the Prefecture of Evia	141.692	Investment in real estate held for capital support

There are no encumbrances on the Group's properties.

Activities in the Research and Development sector
The Company's Research and Development department is a driver in the development of the Company's business. To this end, the Company is systematically investing in equipment, integrating qualified personnel into the team and obtaining the most appropriate certifications.
The Research and Development team is active in the creation of various products, solid soaps and liquid cosmetics, with the greatest emphasis on sustainability as expressed through the use of natural raw materials, the development of corresponding natural recipes, the vertical production of the required packaging materials (bottles and caps) using recycled and recyclable raw materials as far as possible and finally the obtaining of 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.
Examples of these are cosmetics in solid form (body creams, shampoos, conditioners) and synthetic soaps (syndet) as part of the effort to reduce the use of plastic and water content with a corresponding reduction of the carbon footprint. But examples are melt and pour soap mixes, liquid olive oil soaps, hot fill technology, etc. or products in different shapes, recognising the trend towards new and original forms of packaging.

Branches
The company has no branches.

3. Risks and uncertainties

Macroeconomic environment
The Covid-19 pandemic, which clearly affected global financial stability, led to an 8.2% recession in the Greek economy in 2020 and reversed the growth momentum that had begun to emerge before the pandemic.

The subsequent imposition of restrictive measures led to a significant fall in private consumption, but fiscal measures to support households, businesses and employees contributed substantially to curbing disposable income and savings.

The hotel sector was hit hard as a result of the 74% drop in tourist arrivals in Greece. The impact of the pandemic on this sector was similar in foreign markets.

The return to normality, which will not be earlier than the summer of 2021, will be influenced mainly by the countries' vaccination programme in combination with other actions. It is estimated that the outlook for the tourism sector, in 2021, will be more favourable, compared to 2020.

Key factors that will influence the course of the economy and the return to growth rates are the levels of growth of savings, the way they are used and the expected support from the Recovery Fund.

The management monitors developments, assesses the risks and takes the necessary actions to minimize the impact of the aforementioned risks and to continue its uninterrupted operation and supply to its customers.

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 in the production of packaging. The price of the above fluctuates according to the supply and demand on the world market, since most of them are exchange traded products, and due to the considerable turbulence on the markets at the moment they are highly volatile and in any case with a downward trend. Due to the significant competition in the industries in which the Company operates, any increases in international and domestic raw material prices are not easily passed on to the final price of the products, which carries the risk of having a negative impact on the Company's results. To this end, the Company, annually, seeks and ultimately uses the supplier that ensures the best price, reducing the risk of dependence. In addition, it monitors the prices of raw materials on an ongoing basis and enters into agreements with its suppliers in this regard.

No derivatives are used to hedge this risk.

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 condition of its debtors and takes the necessary actions based on its credit policy to reduce this risk.

Interest rate and currency risk

The financial cost of all of the Company's bank borrowings is variable based on euribor. The bank borrowings are exclusively in euros. Management believes that there are no significant risks from possible changes in interest rates and the impact on the Company's credit rating from borrowing costs is limited.

Risk sensitivity analysis

The table below shows the sensitivity of the result for the year and equity to a reasonable change in interest rates of 0.5%. Changes in interest rates are estimated to be on a reasonable basis relative to recent market conditions.

	2020	**2019**
Sensitivity of result	61.000	48.000

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

Liquidity risk - cash flow risk

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

The Group according to the present financial statements shows positive working capital, positive cash flows from operating activities and therefore has no significant liquidity risk. Its net debt at the end of 2020 amounted to EUR 8.2 million compared to EUR 5.5 million at 31 December 2019, representing 20% of turnover.

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

Risk of non-sustainability

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 has not identified 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 that occurred between the end of the financial year and the preparation of the Report

On 29.1.2021, the Company put into effect, in execution of the decision of the Extraordinary General Meeting of the Company's shareholders of 27.02.2020, a share allocation program through stock options (197,500 in total) for the benefit of certain executives.

5. Objectives and prospects - Projected course of the Group and the Company

Over the last five years, the Company has been on a strong growth path, while in the last decade it has more than tripled its sales. The Company's management's objective remains to increase its turnover and control its production and operating costs. In this direction, the Company continuously invests in new technologies and now the Papoutsanis factory is considered one of the largest soap and hotel cosmetics production units in Europe and the only one in Greece. Moreover, it monitors and adopts on a continuous basis the international principles and trends for sustainable development.

The following are expected to contribute positively to the Group's turnover for the year 2021:

- Maintaining the increased demand for personal care and hygiene protection products and the company's entry into surface disinfectants for family and industrial use.
- strengthening the branded product category through a strategic plan of innovation, communication and expansion into new product categories. In this context, 2021 will be a

year of major launches, significant development of the product range and a strong presence in stores, culminating in the celebration of Papoutsani's 150th anniversary in the Greek market. At the same time, the company is actively investing in the development of its systems and human resources to directly serve the large retail chains.

- the full development of cooperation with a multinational company in the field of soap production, which is already underway from the second half of 2020 and the launch of new partnerships with foreign companies.
- the estimated improvement in the market for hotel products compared to 2020 as the tourism picture is expected to normalise to a certain extent both in Greece and abroad, at least in the second half of the year. During the second half of the year, the implementation of new partnerships with major hotel chains in Europe will also begin, agreements that had already been concluded in 2019 but their launch was delayed due to the pandemic.
- the emphasis on new innovative eco-friendly products without the need to use plastic packaging and with a reduced carbon footprint. The company has already invested significantly in the development of the necessary know-how and technology and has entered into partnerships for the production of these products. The aim is to vertically integrate this production, while significantly growing the category.

The pandemic has affected consumer habits and demand in sectors in which the Company operates, making it difficult to predict long-term trends and figures. Nevertheless, based on current data, management expects Papoutsanis to achieve, for another year, double-digit growth rates in the coming year, enhancing the Company's profitability.

6. Transactions with related parties

α) Intercompany transactions

Transactions with related parties are presented as follows:

	COMPANY	
	1.1-31.12.2020	**1.1-31.12.2019**
Revenue		
PAPOUTSANIS Sp. Z o.o.		46.562
Total		**46.562**
Expenses		
PAPOUTSANIS Sp. Z o.o.	24.265	
Total	**24.265**	

b) Intercompany balances

On 31.12.2019 the Subsidiary Company PAPOUTSANIS Sp. Z o.o. had a liability to the Parent Company in the amount of € 46.562 and on 31.12.2020 there was no open balance.

c) Transactions with key management personnel and members of the Management

	GROUP		COMPANY	
	1.1-31.12.2020	**1.1-31.12.2019**	**1.1-31.12.2020**	**1.1-31.12.2019**
Remuneration of executive members of the Board of Directors and managers (based on a special employment relationship)	673.699	922.226	673.699	922.226
Fees of a law firm controlled by a related party of an executive member of the Board of Directors.	44.445	37.000	44.445	37.000
Remuneration of non-executive members of the Board of Directors	41.400	38.400	41.400	38.400
	759.544	**997.626**	**759.544**	**997.626**

(d) Claims and obligations with executive officers and management

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Liabilities to directors and senior management arising from assigned accounts	3.277	1.408	3.277	1.408
Liabilities to directors and members of the management (from remuneration)	147.200	50.051	147.200	50.051

ε) Balance with shareholders

The shareholder Tanaca Holdings Ltd, granted a loan to the Company in the amount of €1,228,000 during the financial year 2010. The balance of the loan as at 31 December 2019 amounted to €262,816 which was repaid in 2020.

Related party transactions are entered into on terms equivalent to those prevailing in purely commercial transactions.

7. Description of the company's policies in relation to the environment, corporate social responsibility and labour.

7.1 Environmental issues

A. Actual and potential impact of the entity on the environment

Papoutsanis' commitment to responsible environmental behaviour is reflected in the Company's Environmental Policy. The Company's environmental protection procedures focus on continuous improvement of environmental management and the development of initiatives to protect the natural environment and quality of life in the areas where its facilities are located.

Within the framework of the Environmental Policy, the Company's Management is committed to:

- **Compliance with current legislation**
  Its operation fully complies with the existing European and national environmental legislation, while the emission limits of the environmental permit are always respected.

- **Responsible operation**
  It has full knowledge of the impact of the production process on the environment and takes all necessary measures to minimise it, as well as appropriate measures to prevent environmental risks.

- **Cooperation with certified contractors**
  The Company's partners in waste management (collection, transportation, recovery, disposal) have all the necessary permits and follow good management practices, in accordance with the relevant legislation.

- **Continuous improvement**
  The Company aims to continuously improve its environmental performance and reduce the environmental footprint of its activities.

- **Transparency**
  It engages in an open dialogue on environmental issues with all its partners, governmental or non-governmental organisations, academic institutions, local communities and the wider society.

- **Education**
  The Company's staff is informed and actively participates in environmental management issues, as the Company's objectives can only be achieved with the participation of all its employees.

The Company recognizes the following as the most significant environmental issues through which it causes impacts on the environment (e.g. impacts on climate change, biodiversity, etc.):

I. Energy consumption

II. Water consumption
III. Use of raw materials and packaging materials
IV. Solid and liquid waste production

B. Disclosure of the entity's procedures for the prevention and control of pollution and environmental impacts.

I. Energy consumption

Through its practices, the Company aims to contribute to the reduction of its environmental footprint and to this end, it implements actions for energy saving. Specifically, in the context of improving and maximising the efficiency of its production lines, in 2020 Papoutsanis invested in a series of initiatives amounting to €2,650,000, which contribute to improving energy efficiency and reducing energy consumption.

- Insulation of steam pipes
- Installation of new insulated storage tanks for raw materials
- Automation of cosmetic mass production for better management of raw materials and more effective process control
- Purchase of new energy-efficient forming and packaging equipment and machinery

The Company's building infrastructure, including offices and production units, consumes energy from direct and indirect sources. Its production units are responsible for the majority of the Company's energy consumption. In particular, the main source of energy for saponification is natural gas. The needs for other activities are covered by electricity, while in exceptional situations of power failure from the grid, back-up oil generators are used.

Water consumption

Water is an integral part of the Company's production process, and is used both for production and for cleaning, washing and disinfecting machinery.

In this context, the Company has installed an automated water purification system with CIP (Clean in place) in its production, in order to reduce consumption. The Company has also proceeded to install an additional desalination plant to further reduce water consumption.

The water consumed in all units comes from a borehole, which is temporarily stored in intermediate tanks, which ensure continuous water supply and water autonomy.

Raw materials and packaging materials

Papoutsanis is governed by the Code of Conduct, which it makes sure to send to potential suppliers and partners, urging them to adhere to it during their cooperation. The general supervision of the supply chain processes is held by the Company's procurement department. The selection of partners is based on criteria of quality of infrastructure and services of the candidates, which also determine the subsequent maintenance of long-term cooperation relations.

The raw materials used in the production and packaging of a product are a key factor in its quality, safety, and environmental and social footprint. This has led many sectors, including those producing soaps and cosmetics, to shift towards more sustainable solutions by using raw materials

certified according to international standards of compliance with specific environmental and social standards, as well as the use of recyclable and recycled packaging materials that reduce the negative impact of products on the environment.
In this direction and in the context of its quality policy, Papoutsanis invests in the creation of innovative products, including their packaging, produced from responsible raw materials. Key raw materials introduced in the Company's production process include different types of oils (e.g. palm oil), chemicals, perfumes, and paper and plastic items for the production of packaging.
More specifically, the Company, given the use of a large quantity of different oils for the production of its cosmetic and soap products, is a member and holds the certification of the Roundtable on Sustainable Palm Oil (RSPO), a global initiative composed of stakeholders in the palm oil value chain that promotes the environmental and social sustainability of palm oil, and is a member of the GreenPalm program of the same initiative.
In addition, the Company has a range of organic, natural cosmetics with ECOCERT approval (COSMOS ORGANIC and COSMOS CERTIFIED), for the production of which the raw materials are of natural and organic origin. At the same time, the Company avoids the supply of raw materials with substances harmful to human health and the environment (e.g. micro-plastics & silicones, Parabens, mineral oil, petrolatum, Chloromethylisothiazolinone (CMIT), Phthalates, Triclosan and Triclocarban, Ethanolamine), while the majority of raw materials do not contain ingredients of animal origin, thus ensuring the certification of vegan products.
As regards the raw materials used for the production of the product packaging, the materials used are PET (Polyethylene terepthalate), PE (Polyethylene) and PP (Polypropylene), while no PVC (Polyvinyl chloride) is used.
Moreover, the packaging of the products is a key factor for the Company's marketing strategy as it provides the necessary information about the products and testifies to their quality. At the same time, they provide appropriate protection of the products during transportation and storage.
The Company aims to introduce environmental, social and corporate governance criteria in the evaluation process of all its suppliers and to develop and monitor relevant performance indicators.

II. Solid and liquid waste production

The limitation and reduction of the Company's environmental footprint, as well as full compliance with the applicable legislation on the management, storage, transport, recycling and disposal of waste are key commitments of Papoutsanis.
Recognizing the potential negative effects on both the environment and human health from the irresponsible management of solid waste resulting from its activities, Papoutsanis proceeds to sort the waste generated from its offices and production process and cooperates with licensed companies for its collection and treatment.

7.2 Labour issues

Employment and training of employees

Papoutsanis monitors and is in full compliance with labour legislation, while the basis of its approach to employment is described in detail in the Company's Code of Conduct, which is also available on its website.

More specifically, the Company has developed and implements a series of procedures relating to the management of employment and training of employees by its human resources department. Specifically, the following procedures are implemented:

- Induction plan for new employees.
- Interview, recruitment and exit procedures.
- Evaluation process, which takes place once a year.
- Training and development process.
- Process of providing products to staff.

With regard to ensuring the development and improvement of the skills of its employees, the Company provides continuous training starting from the recruitment of the employee and continuing throughout the duration of his/her employment with the Company on topics related to his/her role and the Company's legislative obligations (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, business English), which are relevant to the employee's role and the Company's legislative obligations. The trainings are implemented either internally by the Company's trained staff or through training centres in the form of seminars or long-term programmes.
With regard to employee benefits, the Company provides the following list of benefits, which are offered to all employees regardless of their contract:

- Private insurance programme
- Daily lunch to all employees
- Exceptional remuneration
- Transfer of staff
- Gifts to the children of employees / Christmas party
- Awards for children of employees for their successful admission to higher education
- Free distribution of products to all staff

Health, safety and well-being of workers at work

As underlined in the Company's health and safety policy, the protection of all employees and associates, as well as its full compliance with the current legislation on health and safety issues is a top priority of Papoutsanis.

Its employees and associates must respect and comply with the health and safety policies and standards set by the Company. These include not only the statutory obligations, but also the best practices of the industry to which the Company belongs, in order to ensure a healthy and safe working environment with care for customers and visitors to its premises. Indicatively, these practices include:

- Providing information and training to its human resources, contractors, for whom specific safety measures are applied, as defined by a specific procedure, and others who work on behalf of the Company, to ensure their commitment and awareness. In this context, it is stressed that all new employees, during their induction training, are made aware of the Company's safety rules, as well as the personal protection measures for working in production.
- Maintaining emergency response systems and plans, which are monitored through regular exercises.
- The integration of health, safety and environmental protection issues in its operational decisions, plans and operation of its facilities, within the framework of the Integrated Management System.
- Targeting continuous improvement of health, safety and environmental management systems.

Finally, it should be noted that for the management of this issue, the Company maintains a cooperation agreement with an external partner, which ensures the provision of a Safety Technician and an Occupational Physician, with responsibilities related to preventive issues related to health and safety and staff health issues.

The management of the COVID-19 pandemic

In order to ensure the health, safety and well-being of its employees, Papoutsanis ensures that its employees are constantly informed about the risk of coronavirus infection and the appropriate prevention and protection measures based on the instructions of the National Public Health Organization. More specifically, the Company applies the following measures in accordance with the existing legislation:

- Weekly COVID-19 molecular detection test to all employees of the Company, partners, workshops, contractors.
- Weekly certified disinfection in all workplaces.
- Ban all forms of events and gatherings.
- Postponement of planned trips abroad.
- Implementation of teleworking to the extent that this is organisationally and technically feasible.
- Performing a thermometry on all entrants to the premises at the entrance to the main gate of the plant.
- Introducing ways of organizing the workplace in order to avoid crowding in the workplaces and on the buses provided by the Company to its employees for their transportation to and from the Company.
- Regulation of access to common areas such as changing rooms, bathrooms, on-site catering areas, etc., with the aim of reducing the density of people in the same area and respecting the safe distance criterion.

- Environmental and personal hygiene measures, such as regular ventilation of work areas, cleaning of surfaces, equipment, etc.
- Use of masks in all areas of the premises (indoor and outdoor).
- Free distribution of antiseptics (produced by the Company) at regular intervals to its staff, as well as to the local community, institutions, hospitals and vulnerable social groups.
- Implementation of a major donation to the ELPIS hospital for the purchase of hospital equipment.
- Provide free meals on a daily basis and from the start of the pandemic to all staff, including direct partners, maintenance crews and contractors.

7.3 Respect for human rights

The Company regards diversity as a fundamental right of its employees and a source of strength. Based on this principle, it ensures equality of opportunity and non-discrimination through the selection, appointment and compensation of all people employed by or associated with it on the basis of their qualifications and suitability for the work to be performed and not on the basis of race, religion, national origin, ethnicity, colour, gender, age, nationality, sexual preference, marital status, physical disability, or any other characteristic. In addition, the Company prohibits sexual or other types of harassment of its employees by anyone in the workplace.

Papoutsanis promotes a working environment that respects and protects human rights. At the same time, it monitors labour legislation including references to child labour and respect for human rights and is in full compliance with the provisions.

The foundation of the Company's responsible operation is the Code of Conduct in which the Company is committed to comply with the legislation in force regarding child labour. Specifically, child labour is defined in Greece as the employment of any person under the age of fifteen (15) years, however, the Company is committed to not employing persons under the age of sixteen (16) years.

Papoutsanis encourages the reporting of incidents of human rights violations, as well as complaints of any other nature that may arise in the work environment, through the complaints box that has been placed at the Company's production facilities.

EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS IN ACCORDANCE WITH ARTICLE 4, PARAGRAPH 7 and 8 of Law 3556/2007.

This explanatory report of the Board of Directors is submitted to the Annual General Meeting of the Company's Shareholders pursuant to paragraph 8 of article 4 of Law no. 3556/2007, and has been prepared in accordance with the provisions of paragraph 7 of article 4 of the above mentioned law.

(a) Share capital structure

The share capital of the Company amounts to fourteen million five hundred and twenty-nine million five hundred and twenty-nine two hundred and ninety euros and seventy-six cents (€14,529,290.76), divided into twenty-six million nine hundred and six thousand and ninety-four (26,906,094) common nominal shares with voting rights, with a nominal value of €0.54 each.

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

The Company's shares are ordinary registered shares with voting rights. Each share carries all the rights and obligations provided by law and the Company's Articles of Association. The liability of shareholders is limited to the nominal value of the shares they hold.

(b) Restrictions on the transfer of the Company's shares

The transfer of the Company's shares, which are dematerialised and listed in the General Category (Main Market) of the Athens Exchange Market, is carried out as required by law and there are no restrictions on their transfer under the Company's Articles of Association.

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

Shareholders (natural or legal persons) who, based on their declaration on 31.12.2020, directly or indirectly hold a percentage equal to or greater than 5% of the total number of its shares and the corresponding voting rights, within the meaning of articles 9 to 11 of Law No. 3556/2007, are listed in the table below:

Full name or Name of Shareholder	Shares attributable to (in units)	QUANTUM
TASSOPOULOS Menelaos	6.254.495	24,90%
Gatzaros Georgios	6.106.706	24,31%
TRUAD ADMINISTRATION LTD.[1]	5.726.302	21,28%

No other natural or legal person holds more than 5% of the Company's share capital on the above date.

[1] Truad Verwaltungs AG in its capacity as trustee of a foreign private discretionary trust established for the benefit of the present and future members of the family of the late Anastasios Georgios Leventis (the "Trust"), controls 1,277,246 voting rights (representing 5.08% of the total number of voting rights of the

Company) through the control of Torval Investment Corp, which controls Lavonos Ltd., which in turn controls Thrush Investment Holdings Ltd, which controls: (a) directly 5,047,811 voting rights representing 20.0961% of the total number of voting rights of the Company; and (b) indirectly, through the control of Eagle Enterprises S.A., 298,027 voting rights representing 1.1865% of the total number of voting rights of the Company.

It is noted that Mr. Georgios Koufopoulos is the controlling person of "3K Investment Company". "3K Investment Partners SA", in its capacity as the parent company of "3K Investment Partners SA", the managing company of the below mentioned funds, controls directly and indirectly a total of 5,46% of the voting rights of the Company (corresponding to 1.469.075 shares and voting rights) as of 22.01.2021 as follows: (a) directly 40.000 voting rights corresponding to 0.15% of the total number of voting rights of the Company and (b) indirectly, in its capacity as the parent company of "3K Investment Partners AEDAK" as manager of the funds "3K Domestic A/K Equity", "3K Mixed A/K", "3K Greek Value Domestic Equity", "NN HELLAS Equity" and "3K Anagenesis A/K (AIF)", 1.429,075 voting rights representing 5.31% of the total number of voting rights of the Company.

It is noted that on 03.03.2021 the transfer of part of the common, registered shares with voting rights held directly by Mr.Menelaos TASSOPOULOS to the Company was completed as a payment in kind of part of the original share capital of the company under the name "SHAPON MONOPOROSOPE ANONYMOUS COMPANY" (SHAPON), as the sole shareholder of SHAPON. As a consequence, Mr. Menelaos TASSOPOULOS continues to hold a total of 23.79% of the Company's voting rights, with the differentiation that part of this is now held directly, i.e. 4.53% of the Company's voting shares and part of it indirectly, through the 100% owned company SAPON, i.e. 19.26%.

(d) Holders of shares conferring special control rights

There are no shares of the Company that give their holders special control rights.

(e) Restrictions on voting rights - Deadlines for exercising the relevant rights

The Company's Articles of Association do not provide for any restrictions on the voting rights attached to its shares.

(f) Shareholder agreements on restrictions on the transfer of shares or the exercise of voting rights

The Company is not aware of any shareholder agreements that entail restrictions on the transfer of shares or restrictions on the exercise of voting rights.

(g) Rules for the appointment/replacement of members of the Board of Directors and amendment of the Articles of Association if they differ from those provided for in Law No. 4548/2018.

The rules provided in the Company's Articles of Association for the appointment/replacement of the members of its Board of Directors and amendment of its Articles of Association do not differ from those provided in Law no. 4548/2018. In particular, according to article 7 par. 3 of the Company's Articles of Association, the following are provided for the case of vacancy of a member of the Board of Directors:

"ARTICLE 7°
Election and replacement of a member of the Board of Directors

[...]
3. *If a vacancy occurs in the office of Member or Members for any reason:*
α. If there is an alternate Member or Alternate Members elected by the General Assembly of the Company, he or she shall fill the vacant position or positions, in the order of their election.
β. If there are none, the Board of Directors may either continue to manage and represent the Company, provided that the remaining Members exceed half of the total number of Members before the vacancy or vacancies, but in any case such Members may not be less than three, or, if the remaining Members are at least three (3), to elect an alternate Member or Members to fill the vacancy or vacancies for the remainder of the term of office of the Member or Members being replaced. Such election shall be announced at the next ordinary or extraordinary General Meeting, which may replace the elected members, even if no item is yet on the agenda.
The choice of one of the two solutions under b. above is made by the Board of Directors at its sole discretion. The Board of Directors may, of course, fill only some of the vacant positions, provided that the Members after partial replacement exceed half of the total number of Members before the vacancy or vacancies. The decision of the election shall be made public and announced by the Board of Directors at the next following General Meeting, which may replace the elected members even if no item is included in the agenda."

(h) Authority of the Board of Directors to issue new shares / purchase of own shares pursuant to article 49 of Law no. 4548/2018.

1. According to the provisions of Article 24 par. 1(b) of the Law. 4548/2018, the Board of Directors of the Company has the right, following the relevant decision of the General Meeting subject to the publicity formalities of article 13 of Law 4548/2018. 4548/2018, to increase the Company's share capital by issuing new shares, by a decision taken by a majority of at least two-thirds (2/3) of all its members. In this case, the Company's share capital may be increased in accordance with the applicable law. 4548/2018 by an amount that may not exceed three times the amount of the capital paid up on the date on which the Board of Directors was granted such authority by the General Meeting. The aforementioned authority of the Board of Directors may be renewed by the General Meeting for a period not exceeding five years for each renewal. No such resolution has been passed by the General Meeting of Shareholders.

2. In accordance with the provisions of Article 113 of Law No. 4548/2018, by decision of the General Meeting, taken by an increased quorum and majority, a share allocation plan may be established for the members of the Board of Directors and the staff of the Company, as well as its affiliated companies within the meaning of article 32 of Law No. 4308/2014, in the form of an option to acquire shares, in accordance with the terms of this resolution, a summary of which shall be submitted for publication. The resolution of the General Meeting shall determine in particular the maximum number of shares that may be issued, which may not exceed 1/10 of the existing shares, the price and the terms of the distribution of the shares to the beneficiaries. The Board of Directors shall, by its decision, regulate any other relevant details not regulated by the General Meeting, issue the share option certificates, and issue shares to the beneficiaries who have exercised their option, increasing the capital accordingly and certifying the relevant increase thereof, in accordance with Article 113, par. 3, of Law No. 113 (3). 4548/2018. Furthermore, pursuant to article 113, para. 4 of Law 4548/2018, the Board of Directors may, upon authorization - resolution of the General Meeting adopted by an increased quorum and majority and submitted to the public, adopt a share placement plan, possibly increasing the capital and taking all other relevant decisions. This authorization is valid for five (5) years, unless the General Meeting determines a shorter period of validity and is independent of the powers of the Board of Directors under paragraph 1 of article 24, article 24 of Law

4548/2018. The decision of the board of directors is taken in accordance with the terms of article 113 of Law no. 4548/2018.

Pursuant to the above provisions, the Board of Directors of the Company on 29.01.2021 and following the authorization granted by the Extraordinary General Meeting of 27ης .02.2020, established a stock option plan for the benefit of executives who provide services to the Company on a regular basis, in the form of stock options, in accordance with the applicable regulatory framework. The term of the plan was set at two years, in the sense that the rights granted to the beneficiaries may be exercised until June 2022, in accordance with the specific provisions of the plan. The number of allowances to be allocated under the scheme may be up to two hundred and fifty thousand (250,000) for the total duration of the scheme. The share capital of the Company shall be adjusted accordingly and in accordance with the exercised rights on behalf of the beneficiaries by resolution of the Board of Directors of the Company in accordance with the statutory provisions and the terms of the plan.
The detailed terms and conditions of the program have been posted on the Company's website (www.papoutsanis.gr).

3. In accordance with the provisions of Articles 49 and 50 of Law No. 4548/2018, as applicable, subject to the approval of the General Meeting, the Company may acquire own shares, under the responsibility of its Board of Directors, provided that the nominal value of the shares acquired, including the shares previously acquired and retained by the Company, does not exceed 1/10 of its paid-up share capital. The resolution of the General Meeting must also define the terms and conditions of the acquisitions envisaged, and in particular the maximum number of shares that may be acquired, the period for which the authorisation is granted, which may not exceed twenty-four (24) months, and, in the case of acquisition due to force majeure, the minimum and maximum limits of the acquisition value. No such resolution has been adopted by the general meeting of shareholders.

(i) Significant agreements of the Company that are in force / amended / terminated in the event of a change in control of the Company following a public offer.

There are no significant agreements that come into effect, are amended or expire in the event of a change in control of the Company following a public offering.

(j) Compensation agreements for Board members or staff in the event of resignation/ dismissal without just cause or termination of office/ employment due to public proposal

There are no agreements between the Company and members of its Board of Directors or its employees that provide for the payment of compensation in the event of resignation or dismissal without just cause or termination of their term of office or employment due to a public offer.

CORPORATE GOVERNANCE STATEMENT PURSUANT TO ARTICLES 152 AND 153 OF LAW 4548/2018

This Corporate Governance Statement is prepared in accordance with article 152 of Law No. 4548/2018 as in force.

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INTRODUCTION

The term "corporate governance" describes the way companies are managed and controlled. Corporate governance is articulated as a system of relationships between the Company's management, the Board of Directors, shareholders and other stakeholders, constitutes the structure through which the Company's objectives are approached and set, the means of achieving these objectives are identified and it becomes possible to monitor management's performance in the process of implementing them.
In Greece, the corporate governance framework has been developed mainly through the adoption of mandatory rules, such as Law no. 3016/2002 and Decision 5/204/2000 of the Hellenic Capital Market Commission, which, inter alia, require the participation of non-executive and independent non-executive members in the Boards of Directors of Greek companies whose shares are listed on a regulated market in Greece, the establishment and operation of an internal audit unit and the adoption of internal operating regulations with minimum mandatory content in accordance with the above provisions. In addition, other legislative acts have incorporated into the Greek legislative framework the European company law directives or implemented European regulations, creating new corporate governance rules, such as Law No. 4449/2017, which requires, inter alia, the operation of an audit committee and Law 4449/2017, which requires, inter alia, the operation of an audit committee and Law 4449/2017, which requires, inter alia, the operation of an audit committee. 3884/2010 concerning shareholders' rights and additional corporate disclosure obligations to shareholders in the context of the preparation of their General Meeting as well as

significant disclosure obligations regarding, inter alia, the ownership and governance of a company. Furthermore, on 17.07.2021, the new legislative framework on corporate governance (articles 1 to 24 of Law 4706/2020) will enter into force for public limited companies with shares or other securities listed on a regulated market in Greece, while the relevant provisions of Law 4706/2020 will be repealed. 3016/2002 (Articles 1 to 11 of Law 3016/2002).
Finally, the Public Limited Companies Act (v. 4548/2018) contains the basic rules of corporate governance of public limited companies.

1. Corporate Governance Code

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

The Company has decided to adopt the Corporate Governance Code (CCG) for listed companies prepared under the auspices of the Hellenic Corporate Governance Council (HCCG), as in force (hereinafter referred to as the "**Code**"). This Code is available on the SEV website at the following address:
http://www.sev.org.gr/Uploads/pdf/kodikas_etairikis_diakivernisis_GR_20131003.pdf
In addition to the SEV website, the Code is available to all staff and in hard copy at the Financial Services and Human Resources Departments as well as on the Company's official website:

https://www.papoutsanis.gr/Uploads/Documents/130794/%CE%9A%CF%8E%CE%B4%CE%B9%CE%BA%CE%B1%CF%82%20%CE%95%CF%84%CE%B1%CE%B9%CF%81%CE%B9%CE%BA%CE%AE%CF%82%20%CE%94%CE%B9%CE%B1%CE%BA%CF%85%CE%B2%CE%AD%CF%81%CE%BD%CE%B7%CF%83%CE%B7%CF%82.pdf

1.2 Deviations from the Code of Corporate Governance and justification of such deviations. Specific provisions - practices of the Code for listed companies - not applied by the Company and explanation of the reasons for non-application

The Company hereby confirms that it applies the provisions of the Greek legislation which formulate the minimum requirements to be met by any Code of Corporate Governance applied by a company whose shares are traded only on a regulated market in Greece.
These minimum requirements are incorporated as of the date hereof into the aforementioned Code, which the Company has adopted and applies. The Code, however, contains, in addition to the minimum requirements, a number of specific provisions from which deviation is permitted on a case-by-case basis.
The Company deviates from or does not apply in full certain provisions of the Code concerning "*Special Practices for listed companies*", to the extent permitted by applicable law. These deviations are detailed below (*at the end of each paragraph the Code numbering of the relevant specific practices is indicated).*
It should be noted that the following report also includes the exemptions for specific practices for smaller listed companies, i.e. those not included in the FTSE/ATHEX 20 and FTSE/ATHEX Mid 40 indices, for which the Code provides in Appendix 1 thereof the possibility of exempting them from the obligation to explain non-compliance with them, to the extent permitted by the applicable legislation.

Regarding the Board of Directors and its members
Role and responsibilities of the Board of Directors
- the Board of Directors has not established a special, separate committee, which presides over the process of submitting nominations for election to the Board of Directors and prepares proposals to the Board of

Directors regarding the remuneration of executive members and key senior executives, since on the one hand the Company's policy regarding such remuneration is stable and well-established, and on the other hand, in view of the size of the Company, the existence of such committees is not considered absolutely necessary. *A I (1.2)*

Role and required qualities of the Chairman of the Board of Directors
- no explicit distinction is established between the responsibilities of the Chairman and the Chief Executive Officer, nor is it considered appropriate to create such a distinction in view of the organisational structure and operation and the size of the Company. *A III (3.1)*
- the Board does not appoint an independent Vice-Chairman from among its independent members, but an Executive Vice-Chairman, as the assistance of the Vice-Chairman to the Chairman of the Board in the exercise of his executive duties is considered of paramount importance. *A III (3.3 & 3.4)*

Nomination of candidates for members of the Board of Directors
- there is no nomination committee for the Board of Directors, as due to the structure and operation of the Company this committee is not considered necessary at present. *A V (5.4 to 5.8)*

Functioning of the Board of Directors
- the Board of Directors at the beginning of each calendar year does not adopt a calendar of meetings and a 12-month action plan, which can be revised according to the needs of the Company, as all its members are residents of the prefecture of Attica, it is easy to convene and meet the Board of Directors when the needs of the Company or the law require it, without the existence of a predetermined action plan. *A VI (6.1*)
- there is currently no provision for the Board of Directors to be supported in its work by a competent, qualified and experienced company secretary, as its basic duties are fully serviced by other departments of the Company. *A VI (6.2, 6.3)*
- there is no provision for the existence of introductory information programmes for new Board members and continuous professional training and education for the other members, given that persons with proven experience and organisational and management skills are proposed for election as Board members. *A VI (6.5).*
- there is no provision for the provision of adequate resources to the Board committees for the fulfilment of their duties and for the hiring of external consultants to the extent required, as there are no Board committees, other than the Audit Committee, as required by law, and the relevant resources, where necessary, are approved on a case-by-case basis by the Board of Directors of the Company, based on the corporate needs at any given time. *A V (6.9).*

Evaluation of the Board of Directors
- there is no established procedure to evaluate the effectiveness of the Board and its committees, nor is the performance of the Chairman of the Board evaluated during a procedure chaired by the independent Vice-Chairman or another non-executive member of the Board in the absence of an independent Vice-Chairman. In addition to the Board's evaluation through its Performance Report at the Annual General Meeting of Shareholders, the Board monitors and reviews the implementation of its resolutions on an annual basis. There is no longer a senior evaluation system for the Board and the *A VII* committees *(7.1, 7.2 and 7.3)*.

Regarding internal control
Internal control system

No specific budget is allocated to the Audit Committee for the use of external consultancy services, as the composition of the Committee and the specialised knowledge and experience of its members ensure its effective functioning. *B J (1.9*)

Regarding the fees

Level and structure of remuneration

- there is no remuneration committee, the purpose of which is to determine the remuneration of the executive and non-executive members of the Board of Directors and, consequently, there are no regulations on the duties of this committee, the frequency of its meetings and other matters relating to its operation. The establishment of this committee, in view of the structure and operation of the Company, has not been assessed as necessary to date.

The general remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board of Directors, executive and non-executive, are provided for by the Remuneration Policy approved by the Annual General Meeting of the Company's shareholders on 16.07.2019, are specified by the Board resolutions and are adequately disclosed in the financial statements, in accordance with IAS 24 and in the Remuneration Report that the Company is obliged to publish annually in accordance with Law No. 4548/2018, on which the General Meeting discusses and votes on in an advisory capacity.

No "compensation package" has been agreed for any Board member.

The employment contracts of the executive members of the Board of Directors include the possibility of a salary.

General Meeting of shareholders

- no discrepancy was observed, except for the exception granted by the Code, in accordance with Annex 1, for information in English. *D II (2.1)*

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

The Company does not apply any other practices in addition to the provisions of the applicable legal framework on corporate governance.

2. Main Features of Internal Control and Risk Management Systems in relation to the Financial Statements and Financial Reporting Process

The Company's Internal Control and Risk Management System in relation to the preparation of the financial statements and financial reports includes safeguards and control mechanisms at various levels within the Organization as described below:

2.1 General

Identify, assess, measure and manage risks:

The identification and assessment of risks is mainly done during the strategic planning phase and the annual business plan. The issues considered vary according to market and industry conditions and include, but are not limited to, developments and trends in the markets in which the company operates or are important sources of raw materials, changes in technology, macroeconomic indicators and the competitive environment. The Board conducts an annual review of the corporate strategy, key business risks and internal control systems.

Planning and monitoring/Budgeting:

The Company's progress is monitored through a detailed budget. The development of the Company's financial performance is largely dependent on exogenous factors such as raw material prices and other market factors. Therefore, the budget is adjusted periodically to take into account these changes. The Company's management monitors the Company's financial performance through regular reports, comparisons with the budget and management team meetings.

Adequacy of the Internal Control System:
The Company's management has designed and performs ongoing supervisory activities, which are integrated into the Company's operations and which ensure that the Internal Control System maintains its effectiveness over time. The Company also performs periodic individual assessments as to the adequacy of the Internal Control System, which are primarily implemented through the Internal Audit function.
The Company has an independent Internal Audit Department, which, among other things, ensures that the risk identification and management procedures applied by the Company's Management are adequate, ensures the effective operation of the Internal Audit System and the quality and reliability of the information provided by the Management to the Board of Directors regarding the Internal Audit System.
The adequacy of the Internal Audit System is monitored on a systematic basis by the Audit Committee through two-way communication with the Internal Audit Service.

Prevention and suppression of financial fraud:
As part of risk management, areas considered to be at high risk of financial fraud are monitored with appropriate control systems and correspondingly increased safeguards. Indicative examples are the existence of an organisational chart, operating rules, as well as detailed procedures and approval limits. Furthermore, in addition to the control mechanisms implemented by each management, all the Company's activities are subject to audits by the Internal Audit Department.

Internal Rules of Procedure:
The Company has drawn up relevant Internal Operating Regulations, which have been approved by the Board of Directors.The Regulations also define the powers and responsibilities of key positions, thus promoting the adequate separation of responsibilities within the Company.

Security nets in information systems:
The Company has developed a framework for monitoring and controlling its information systems, which is defined by individual control mechanisms, policies and procedures. These include the definition of specific access rights for all employees according to their position and role, and a relevant log of access to the Company's systems is also maintained.

2.2 Safeguards for the financial reporting process
As part of the Company's financial reporting procedures, certain safeguards are in place and in operation, which relate to the use of tools and methodologies that are generally accepted in accordance with international practices. The key areas in which safeguards related to the preparation of the Company's financial reports and financial statements are in place are as follows:

Organisation - Allocation of responsibilities

- The assignment of responsibilities and powers to both the company's senior management and its middle and junior executives ensures the enhancement of the effectiveness of the Internal Audit System, while preserving the required separation of responsibilities.
- Appropriate staffing of the financial services with people who have the necessary technical knowledge and experience for the tasks assigned to them.

Accounting monitoring and financial reporting procedures

- Existence of policies and monitoring of the accounting department.
- Training and briefing of staff involved in the preparation of the Financial Statements.
- Automatic checks and verifications carried out between the different reporting systems and specific approval of accounting treatments of non-recurring transactions is required.
- Management's judgments and estimates required for the preparation of the financial statements are reviewed at each financial reporting period, also in relation to the risks identified.

Internal control procedures of the financial statements

- Internal control over financial reporting is designed to provide reasonable assurance on the assertions made by management to third parties and the external auditors on the individual line items in the financial statements, which are:
  For the balance sheet: the existence and ownership of the data, completeness, measurement and classification in accordance with the accounting framework.
  For results: The existence of the transaction, self-sufficiency of the use, completeness, accuracy and classification based on the accounting framework.

Asset safekeeping procedures

- Existence of security safeguards for fixed assets, inventories, cash - cheques and other assets of the company, such as, but not limited to, physical security of cash and warehouses, inventory and comparison of quantities counted with those in the books, adequate security of assets, etc.

3. **Board** of **Directors**

3.1 Composition and functioning of the Board of Directors

3.1.1 The role, powers and responsibilities of the Board of Directors are described in the Articles of Association and, in addition, in the Internal Operating Regulations of the Company.

The Board of Directors, acting collectively, is responsible for the administration and management of the company's affairs. It decides in general on all matters concerning the Company and performs all acts except those which either by law or by the Articles of Association are the responsibility of the General Meeting of Shareholders.

By way of illustration and not limitation, the Board of Directors :

(a) Represent the Company in and out of court.

(b) Initiate and conduct legal proceedings, effect seizures, record mortgages and liens, consent to their cancellation, waive privileges, actions and remedies, settle in and out of court and agree to arbitrations.

(c) Acquires, constitutes or transfers rights in rem and rights in rem in movable and immovable property and accepts obligations, enters into any form of contract, subject to Articles 99 to 101 of the Law. 4548/2018, participates in public or other tenders as well as in low-price or bidding auctions.

(d) Appoint, install and remove employees and agents of the Company, regulate their remuneration and salaries and grant and revoke any general and special powers of attorney on behalf of the Company.
(e) Issue, accept and sign or guarantee or endorse promissory notes, bills of exchange, cheques and any instrument to order.
(f) Determine the general expenses of the Company.
(g) Audit the books and the treasury of the Company, prepare the annual financial statements, recommend depreciation of premises and bad debts and recommend dividends and profits to be distributed.
(h) Arrange the internal functioning of the Company and issue the relevant regulations and generally undertake all acts of administration of the Company and management of its property and have all powers and rights to manage the corporate interests and to take all actions for the realization of the purposes pursued by the Company.
i) Provide any kind of guarantees on behalf of the company in favour of legal or natural persons with whom the company has or maintains commercial or financial transactions in order to serve its purposes.
(j) Decide on the issuance of bond loans, other than those referred to in Articles 71 and 72 of Law No. 4548/2018. With regard to the latter, the Board of Directors may decide to issue such loans upon authorisation by the General Assembly in accordance with Articles 71(1)(b) and 72(2) of Law 454848/2018. 4548/2018. .

3.1.2 The Board of Directors may, by its decision, delegate the exercise of all or part of its rights and powers related to the administration, management and representation of the Company to one or more persons, whether or not such persons are members of the Board of Directors. Such persons may, if provided for by the relevant resolutions of the Board of Directors, further delegate the exercise of the powers conferred on them or part thereof to other parties or third parties. The title and competence of each of these persons shall always be determined by the decision of the Governing Board appointing them.

3.1.3 Each director is liable to the company for any loss suffered by the company as a result of an act or omission constituting a breach of his or her duties. If damage is caused by a joint act of several members of the board of directors, or if several members are jointly and severally liable for the same damage, they are all jointly and severally liable. The same shall apply if several persons have acted at the same time or in succession and it is not possible to establish whose act caused the damage. The court may, however, decide to apportion liability between the persons responsible, depending on the gravity of the act, the degree of fault and the allocation of responsibilities among the members of the board of directors. The court may also regulate the right of recourse between the persons responsible. Liability shall not exist in respect of acts or omissions based on a lawful resolution of the general meeting or concerning a reasonable business decision taken (a) in good faith, (b) on the basis of information which is adequate in the circumstances and (c) solely for the purpose of serving the interests of the company. These elements are judged by reference to the time when the decision was taken. The directors shall bear the burden of proving the requirements of this paragraph. The court may also consider that there is no liability in respect of acts or omissions based on a recommendation or opinion of an independent body or committee operating in the company in accordance with the law.

3.1.4 Incompatibilities - other obligations
A) Members of the Board of Directors who participate in any way in the management of the company, as well as its directors, are prohibited, without the authorisation of the general meeting or a relevant provision in the articles of association, from acting, for their own account or for the account of third parties, in acts falling within the purposes of the company, as well as from participating as general partners or as sole shareholders or partners in companies pursuing such purposes.

B) The members of the Board of Directors and any third person to whom it has delegated its responsibilities have a duty of loyalty to the company. They shall in particular:
α) Not to pursue self-interests that are contrary to the interests of the company.
b) To disclose in a timely and adequate manner to the other members of the Board of Directors their own interests that may arise from transactions of the company that fall within their duties, as well as any conflict of interests with those of the company or its affiliated companies within the meaning of article 32 of Law No. 4308/2014, which arises in the exercise of their duties. They are also required to disclose any conflict of interest between the interests of the company and the interests of the persons referred to in paragraph 2 of Article 99 of Law No. 4548/2018, if they are related to these persons. A sufficient disclosure is deemed to be one that includes a description of both the transaction and the company's own interests. Companies shall disclose the cases of conflict of interest and any contracts concluded that fall under Article 99 of Law No. 454848/2018. 4548/2018 with the annual report of the board of directors.
c) To maintain strict confidentiality about the company's affairs and the company's secrets, which have become known to them by virtue of their capacity as consultants.

3.1.5. Meetings of the Board of Directors
The Board of Directors shall meet at the Company's headquarters or at any place in the Region of Attica or the Region of Central Greece as proposed by the Chairman of the Board of Directors, whenever the law or the needs of the Company require it and shall be convened by the Chairman or the Vice-Chairman who replaces him on a day and at a time determined by him. It shall also be convened whenever the Chairman deems it advisable or when requested by two Directors, as provided by law.
The convening of the Board of Directors may be requested by two (2) of its members, in addition to the President or his/her deputy, through a request to the President or his/her deputy, who are obliged to convene the Board of Directors in order for it to meet within seven (7) days from the submission of the request. The request must, under penalty of inadmissibility, clearly state the matters to be dealt with by the Board of Directors. If the Board of Directors is not convened by the Chairperson or his/her deputy within the above deadline, the members who requested the meeting shall be allowed to convene the Board of Directors within five (5) days of the expiry of the above seven (7) day period, by notifying the other members of the Board of Directors of the invitation. In the year 2020, 7 meetings of the Board of Directors were held, attended by all members of the Board of Directors. The remaining decisions of the Board of Directors were taken by signing minutes, in accordance with Article 94 of the Law. 4548/2018.

<u>3.2 Information on the members of the Board of Directors</u>

According to Article 7 paragraph 2 of the Company's Articles of Association, the Board of Directors is composed of three (3) to fifteen (15) members.

The Board of Directors of the Company was elected as a seven-member Board, pursuant to the decision of the Annual General Meeting of 06.09.2018. However, following the resignation of its executive member, Mr. Michalis Panagi, on 14.01.2020, the Board of Directors decided to continue its operation as it is, without replacing Mr. Panagi in accordance with article 7 par. 3 of the Articles of Association and article 82 paragraph 3 of the Articles of Association. 2 of the law. 4548/2018.

Therefore, the current Board of Directors of the Company has been formed as a six-member Board of Directors and consists of the following members:

α. **Georgios Gatzaros, Chairman, Executive Member**. He holds a degree in Mechanical Engineering from NTUA. He is the founder of GAGEO S.A. which merged in 2009 with PAPOUTSANIS S.A. From 2008 to 2009 he was an industrialization consultant of PAPOUTSANIS and GAGEO.

β. **Menelaos TASSOPOULOS, Vice Chairman, CEO, executive member**. He holds PhD and MPhil in Engineering & Applied Science from Yale University, has a Master in Industrial Engineering & Management Science from Columbia University and a Master in Chemical Engineering from Worcester Polytechnic Institute. He also holds a degree in Chemical Engineering from the National Technical University of Athens. He has many years of experience in industry, as a General Manager and Managing Director and as a Private Equity Director in a commercial bank.

c. **Mary Haigui Iskalatian, Executive Member and Chief Financial Officer**. She holds a B.Sc. in Economics from the National and Kapodistrian University of Athens and an M.B.A. from the University of Strathclyde. She has many years of experience in industry and service provision.

d. **Christos Georgalis, Non-executive, independent member.** He holds a degree from the Athens School of Economics and Commerce (ASCE). He has extensive experience in financial matters in the industry as a Financial Director.

ε. **Dimitrios Papoutsanis, Non-executive independent member**. He studied Business Management with specialization in Marketing and Communications at Adelphi University. He has worked in marketing, sales and purchasing for a large multinational company.

f. **Georgios Minoudis, Non-executive member**. Lawyer, graduate of the University of Essex (LLB) and the University of London (LLM, London School of Economics and Political Science). He is employed at Karatzas & Partners Law Firm. Partners since 2000 and has been a partner since 2004. He specializes in commercial and corporate law.

Based on the above composition, the Board of Directors consists of three (3) executive and three (3) non-executive members, of which two (2) are independent members, for whom the Board of Directors considers that they maintain their independence, based on the definitions of the Code.
The term of office of the Board of Directors is three years, expires on 06.09.2021 and is automatically extended until the first Ordinary General Meeting after the expiry of its term of office. In any case, the term of office may not exceed four (4) years.
The members of the Board of Directors, apart from their activities related to their status and position in the Company, do not engage in other professional activities that are important for the Company, with the following exceptions:
Georgios Gatzaros, Administrator of GAGEO M. Ltd, member of the Boards of Directors of Bolelli CO Ltd and Raguso Ltd.
Menelaos TASSOPOULOS, member of the Board of Directors of Bolelli CO Ltd and Raguso Ltd, Chairman of the Board of Directors of Sapon Monopropapi Anonimos SA
Georgios Minoudis, Attorney at Law, partner of the Law Firm "Karatzas and Co." and member of the board of directors of the joint stock company "Sapon Monopersonal Joint Stock Company".

3.3 Audit Committee
The Company complies with the provisions and requirements of Law no. 4449/2017, as amended and in force, has established an Audit Committee to support the Board of Directors in its duties relating to, among

others, financial reporting, internal control and supervision of regular audit, whose composition was renewed at the Annual General Meeting on 06.09.2018.
The Audit Committee consists of one independent non-executive member of the Board of Directors, Mr Christos Georgalis, one non-executive member of the Board of Directors, Mr Georgios Minoudis, and Mr Meletios Babekos, an accountant, who meets the criteria of independence of article 4 of Law 3016/2002, as in force. The members of the Audit Committee are elected by the General Assembly.

Mr Christos Georgalis has been appointed Chairman of the Audit Committee.
According to the decision of the Ordinary General Meeting on 06.09.2018, the term of office of the Committee is identical to the term of office of the Board of Directors, i.e. it expires on 06.09.2021, but it is extended until the next termination of the Ordinary General Meeting, not exceeding four years.
In the event of resignation or for any reason the resignation of a member or members of the Audit Committee, he or they shall be replaced by the Board of Directors and the replacement shall be submitted for approval at the next general meeting of the Company's shareholders.

The powers and duties of the Audit Committee consist, inter alia, of:

a) monitoring the financial reporting process, reviewing management's judgments and estimates that affect the preparation of the financial statements and overseeing any official communication regarding the company's financial performance,
b) monitoring the effective operation of the internal control system and the risk management system, as well as supervising the Company's internal audit function and ensuring its independence,
c) monitoring the progress of the statutory audit of the Company's individual and consolidated financial statements,
d) reviewing and monitoring issues related to the existence and maintenance of the statutory auditor's or audit firm's objectivity and independence, in particular with regard to the provision of other services to the Company by the statutory auditor or audit firm.
The Audit Committee met 11 times during the financial year 2020 (01.01.2020 - 31.12.2020).
It is clarified that the Company's Statutory Auditor, who performs the audit of the annual and interim financial statements, does not provide any other type of non-audit services to the Company that are prohibited under Article 5 of Regulation (EU) No. 4449/2017, nor is it connected with any other relationship with the Company, in order to ensure its objectivity and independence.

3.4 Other management, supervisory bodies or committees of the company
There are no other management or supervisory bodies or committees of the Company as at the date hereof within the function of the Board of Directors.

3.5 Diversity policy in the composition of the Company's administrative, management and supervisory bodies
Due to the size of the Company and the small number of the Company's administrative, management and supervisory bodies (each of which is composed of a small number of members), the Company does not maintain a separate diversity policy in the composition of these bodies, while respecting, inter alia, the principle of non-discrimination and equality.

4. Information required under Article 10 par. 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC, concerning public takeover bids

This is information on the following issues, which are already given in the section entitled "*EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007*" of this Annual Management Report of the Board of Directors to which we refer:

- significant direct or indirect holdings (including indirect holdings through pyramid structures or cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;
- the holders of any type of securities conferring special control rights and a description of such rights;
- restrictions on voting rights of any kind, such as restrictions on voting rights to holders of a given percentage or number of votes, time limits on the exercise of voting rights, or systems in which, with the cooperation of the company, the financial rights attaching to securities are separated from the holding of securities;
- the rules concerning the appointment and replacement of members of the board and the amendment of the statutes;
- the powers of the members of the board, in particular as regards the possibility of issuing or repurchasing shares;

The disclosure of the above required information is included in the section entitled "*EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007*" of this Annual Management Report of the Board of Directors to which we hereby refer.

19 March 2021

For the Board of Directors

The Chairman of the Board.	The Chief Executive Officer
Georgios Gatzaros	**Menelaos Tassopoulos**

Independent Auditor's Report

To the Shareholders of the company PAPOUTSANIS ANONYMOUS INDUSTRIAL AND TRADE COMPANY OF CONSUMER GOODS

Audit Report on the Company and Consolidated Financial Statements

Opinion

ηςWe have audited the accompanying consolidated financial statements of PAPOUTSANIS ANONYMOUS INDUSTRIAL AND COMMERCIAL COMPANY OF COTTON GOODS (the Company), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of financial position as at December 31, 2020, the 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.

ηIn our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PAPOUTSANIS S.A. and its subsidiaries (the Group) as at 31 December 2020, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Opinion base

We conducted our audit in accordance with the International Standards on Auditing (ISA) as incorporated into Greek Law. Our responsibilities under those standards are further described in the section of our report entitled "Auditor's Responsibilities for the Audit of the Company and Consolidated Financial Statements". We have been independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the Code of Ethics for Professional Accountants of the Council on International Standards on Auditing Ethics as incorporated into Greek law and the ethical requirements related to the audit of the corporate and consolidated financial statements in Greece and have fulfilled our ethical responsibilities in accordance with the requirements of applicable law and the aforementioned Code We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major control issues

The most significant audit matters are those matters that, in our professional judgment, were of major significance in our audit of the consolidated and consolidated financial statements of the audited financial year. Those matters and the related risks of material misstatement were considered in the context of our audit of the corporate and consolidated financial statements taken as a whole in forming our opinion on them and we do not express a separate opinion on those matters.

Major control issue	How the major control issue was addressed

Revenue recognition (Turnover)	
The Group's and the Company's turnover for the financial year ended 31.12.2020 amounted to € 40,841,939 and 40,798,694 respectively (€ 30,667,128 and 30,682,488 respectively for the financial year ended 31.12.2019 for the Group and the Company). An entity recognises revenue when a contractual obligation to a customer is discharged by the delivery of goods or provision of services (which is the time when control of the goods or services passes to the customer). If a contract contains more than one contractual obligation, the total contract value is allocated to the individual obligations based on the individual sales values. Furthermore, the company concluded that the transfer of control of the products to the customer takes place at a specific time when the customer receives the goods, as this is when the customer is able to receive the benefits of the specific products. We have identified this area as one of the most important control issues due to its increasing trend in terms of the amount and volume of transactions and its significant impact on the formulation of the results of operations. In addition, this figure reflects the growth of the company, which, in our judgment, is the main focus of the users of its Financial Statements. The Group's disclosures on its revenue recognition accounting policies are included in Note 5.2.24 (5.2.24. Revenue recognition) and Note 6.17 (Sales) to the financial statements.	Our audit approach included the following key procedures: • We examined the information systems environment that supports the various revenue categories, including the internal processes and security safeguards associated with them. • Checking the correct separation of uses by examining sales made close to and immediately after the end date of the reporting period by comparing invoices with the corresponding delivery notes. • Targeted analytical procedures to identify any unusual changes and transactions that require further investigation. • Examination of a sample of customer contracts to evaluate current accounting principles and methods of revenue recognition. • Random recalculation of discounts based on the confirmed turnover per case and the terms of the contracts and reconciliation with the corresponding invoices and other documents issued. • We have assessed the adequacy of the disclosures in the accompanying financial statements in relation to this matter.
Inventory valuation	
As at 31.12.2020 the Group and the Company hold inventories of €7,492,943 and €7,473,607 respectively (€3,870,807 and 3,848,071 for the year ended 31.12.2019 for the Company and the Group respectively). The consolidated and company Statement of Financial Position for the fiscal year 2020 includes a provision for impairment of inventories of €89,000, while for the fiscal year 2019 the amount amounts to an impairment of €70,000.	Our audit approach included the following key procedures: • Examination of the internal safeguards relating to the inventory tracking circuit, product costing, inventories and end-of-year inventory valuation. • Monitoring of the physical inventory and sample recounts.

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the amount of disposal costs. The costs of finished products and work in progress are determined by the weighted average cost method and consist of raw materials, direct labour costs and industrial overheads allocated on the basis of normal production capacity. Appropriate provision shall be made for unusable, obsolete and very low-speed stocks if they exceed the prescribed level. Write-downs from book value to net realisable value and losses on inventories are expensed in the period to which the write-down or loss corresponds. We have identified the area of inventory valuation as one of the most important audit issues mainly due to the estimates required in both the measurement of inventory value and the calculation of production costs, and their significant impact on profit and loss. The measurement of the value of inventories is based on management estimates that take into account the movement of inventories during the financial year, their shelf life, the possibility of reusing or liquidating slow-moving inventories, etc. The Group's disclosures on the accounting policies adopted for the valuation of inventories are included in notes 5.2.15 (5.2.15 Inventories) and Note 6.5 (Inventories) to the financial statements.	• Sample confirmation of the correct calculation of the weighted average cost valuation method. • Evaluate management's estimates of real estate and slow-moving inventory by sampling historical sales data. • We compared on a sample basis sales prices with cost of inventories sold to identify inventories sold at a negative margin and assessed whether this was taken into account in valuing them at the lower of cost and net realisable value. • In addition, we have assessed the adequacy of the relevant disclosures made by the Company and the Group in the accompanying financial statements in relation to the above matter.

Other information

Management is responsible for the other information. The other information is included in the Management Report of the Board of Directors, for which reference is made in the "Report on Other Legal and Regulatory Requirements", in the Statements of **the** Directors, but does not include the financial statements and the audit report thereon.

Our opinion on the corporate and consolidated financial statements does not cover the other information and we do not express in this opinion any form of assurance on them.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of that other information, we are required to report that fact. We have nothing to report on this matter.

Responsibilities of management and those charged with governance over the corporate and consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, where applicable, matters related to continuing operations and the use of the going concern basis **of** accounting, unless management either intends to liquidate the Company and the Group or to discontinue operations or has no realistic alternative but to

The Audit Committee (article 44 of Law 4449/2017) of the Company is responsible for overseeing the financial reporting process of the Company and the Group.

Auditor's responsibilities for the audit of the company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, 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 assurance, but it is not a guarantee that an audit conducted in accordance with the ISAs, as incorporated into Greek law, will always detect a material misstatement when it occurs. Errors may arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably be expected to affect the financial decisions of users taken on the basis of these consolidated and consolidated financial statements.

As an audit task, in accordance with the ISAs as incorporated into Greek law, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and evaluate the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error, by designing and performing audit procedures that address 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 due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, false assurances or circumvention of internal controls.
- We understand internal control relevant to the audit for the purpose of designing 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.
- We evaluate the appropriateness of the accounting principles and methods used and the reasonableness of accounting estimates and related disclosures made by management.
- We express an opinion on the appropriateness of management's use of the going concern basis of accounting and on the basis of the audit evidence obtained as to whether there is any material uncertainty about events or circumstances that may indicate a material uncertainty about 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 in the auditor's

report to draw attention to the relevant disclosures in the company and consolidated financial statements or, if those disclosures are inadequate, to qualify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may result in the Company and the Group ceasing to operate as a going concern.

- We evaluate the overall presentation, structure and content of the corporate and consolidated financial statements, including disclosures, and whether the corporate and consolidated financial statements present the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and appropriate audit evidence about the financial reporting of the entities or business activities within the Group to express an opinion on the corporate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

Among other matters, we communicate to those responsible for governance the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

In addition, we declare to those responsible for governance that we have complied with the relevant ethical requirements on independence and disclose to them all relationships and other matters that may reasonably be considered to affect our independence and related safeguards, where applicable.

From the matters disclosed to those charged with governance, we identify those matters that were of significant importance to the audit of the consolidated and consolidated financial statements for the audited financial year and therefore are the most significant audit matters.

Report on other Legal and Regulatory Requirements

1. Management Report of the Board of Directors

Taking into account that the management is responsible for the preparation of the Management Report of the Board of Directors and the Corporate Governance Statement included in this report, pursuant to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B), we note that:

a) The Management Report of the Board of Directors includes a corporate governance statement, which provides the information specified in article 152 of Law 4548/2018.

b) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of articles 150-151 and 153-154 and paragraph 1 (cases c' and d') of article 152 of Law 4548/2018 and its content corresponds to the attached financial statements for the financial year ended 31.12.2020.

c) Based on the knowledge we obtained during our audit, about PAPOUTSANIS ANONYMOUS INDUSTRIAL AND COMMERCIAL COMPANY OF CUSTOMER GOODS and its environment, we have not identified any material misstatements in the Management Report of the Board of Directors.

2. Supplementary Report to the Audit Committee

Our opinion on the accompanying consolidated and consolidated financial statements is consistent with our Supplementary Report to the Audit Committee of the Company, as required by article 11 of the European Union Regulation (EU) No 537/2014.

3. Provision of non-audit services

We did not provide the Company and its subsidiaries with non-audit services prohibited under Article 5 of the European Union Regulation (EU) No 537/2014 or other permitted non-audit services.

4. Appointment of the Auditor

We were appointed for the first time as the Company's Statutory Auditors by resolution of the Annual General Meeting of Shareholders held on 16/07/2019. Since then, our appointment has been continuously renewed for a period of 1 year based on the resolutions passed at the annual general meeting of shareholders.

Athens, 19 March 2021

The Certified Public Accountant

Panayiotis Noulas

A.M. S.O.E.L. 40711

Grant Thornton
Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων
Ζεφύρου 56, 17564 Παλαιό Φάληρο
Α.Μ. ΣΟΕΛ 127

Δ. FINANCIAL STATEMENTS

1. Statement of Financial Position

		GROUP		COMPANY	
ASSETS	**Note.**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Non-current assets					
Tangible fixed assets	6.1	32.352.099	27.821.937	32.352.099	27.821.937
Investment in real estate	6.2	226.707	226.707	226.707	226.707
Intangible assets	6.3	225.252	177.878	225.252	177.878
Investments in subsidiaries		-	-	52.166	40.208
Long-term receivables	6.4	18.925	17.797	18.925	16.876
		32.822.984	**28.244.319**	**32.875.149**	**28.283.606**
Current assets					
Inventories	6.5	7.492.943	3.870.807	7.473.607	3.848.071
Trade receivables (open balance).	6.6	4.421.961	3.980.057	4.421.961	3.980.057
Trade receivables (balance covered by cheques)	6.6	233.537	108.896	233.537	108.896
Other receivables	6.6	2.126.219	649.616	2.126.143	610.728
Cash and cash equivalents	6.7	4.256.667	2.650.657	4.239.236	2.639.812
		18.531.326	**11.260.032**	**18.494.484**	**11.187.564**
Total assets		**51.354.310**	**39.504.351**	**51.369.633**	**39.471.170**
CAPITAL EQUITY					
Equity attributable to equity holders of the parent					
Share capital	6.8	14.529.291	14.819.862	14.529.291	14.819.862
Share premium	6.8	1.819.487	14.431.168	1.819.487	14.431.168
Fair value reserves	6.9	1.551.930	1.551.930	1.551.930	1.551.930
Exchange rate differences		(1.908)	(275)	-	-
Other reserves	6.10	237.435	217.200	237.435	217.200
Retained earnings		3.514.811	(11.783.630)	3.546.809	(11.749.464)
Total equity attributable to Shareholders of the parent company		**21.651.047**	**19.236.255**	**21.684.952**	**19.270.696**
Non-controlling interests		18.261	(8.600)	-	-
Total equity capital		**21.669.307**	**19.227.655**	**21.684.952**	**19.270.696**
LIABILITIES					
Long-term liabilities					
Long-term loans	6.11	9.093.029	5.892.022	9.093.029	5.892.022
Deferred income tax	6.12	3.535.100	3.279.561	3.535.100	3.279.561
Provisions for employee benefits	6.13	914.507	792.994	914.507	792.994
Other provisions	6.14	760.643	175.142	760.643	175.142
Asset grants	6.15	1.241.220	1.368.385	1.241.220	1.368.385
		15.544.498	**11.508.104**	**15.544.498**	**11.508.104**
Short-term liabilities					
Suppliers	6.16	7.992.122	5.406.224	7.992.122	5.346.863
Other liabilities	6.16	1.643.652	1.101.079	1.643.330	1.084.216
Current income tax	6.16	1.102.378	-	1.102.378	-
Short-term loans	6.11	3.402.352	2.261.290	3.402.352	2.261.290
		14.140.504	**8.768.592**	**14.140.183**	**8.692.369**
Total liabilities		**29.685.002**	**20.276.696**	**29.684.681**	**20.200.474**
Total Equity and Liabilities		**51.354.310**	**39.504.351**	**51.369.633**	**39.471.170**

The notes set out on pages 49 to 100 form an integral part of the financial statements.

2. Statement of Comprehensive Income (by function)

		GROUP		COMPANY	
		01.01-31.12.2020	**01.01-31.12.2019**	**01.01-31.12.2020**	**01.01-31.12.2019**
Sales	6.17	40.841.939	30.667.128	40.798.694	30.682.488
Cost of sales	6.18	(27.776.800)	(21.857.094)	(27.763.564)	(21.879.833)
Gross profit		**13.065.140**	**8.810.034**	**13.035.130**	**8.802.655**
Other revenue	6.19	697.213	450.133	686.051	450.392
Distribution expenses		(3.806.192)	(3.260.896)	(3.806.192)	(3.260.896)
Administrative expenses		(2.525.574)	(2.617.414)	(2.480.790)	(2.553.724)
Research & development costs		(677.406)	(517.261)	(677.406)	(517.261)
Other expenses	6.21	(989.880)	(411.762)	(989.373)	(399.904)
Financial costs (net)	6.22	(556.401)	(597.671)	(555.542)	(597.766)
Profit before tax		**5.206.899**	**1.855.162**	**5.211.878**	**1.923.495**
Deferred income tax Deferred income tax	6.23	(283.342)	(507.992)	(283.342)	(507.992)
Current income tax	6.23	(1.102.378)	-	(1.102.378)	-
Net profit for the year (A)		**3.821.180**	**1.347.170**	**3.826.159**	**1.415.503**
- Parent company owners		3.823.669	1.381.336	3.826.159	1.415.503
- Non-controlling interests		(2.489)	(34.166)	-	-
Other Total Income					
Items that shall not be reclassified subsequently in profit or loss					
Recalculations of defined benefit plans		(115.845)	(105.312)	(115.845)	(105.312)
Deferred income tax Deferred income tax		27.803	25.275	27.803	25.275
Deferred tax from a change in tax rate		-	(481)	-	(481)
Items reclassified subsequently to profit or loss					
Exchange rate differences on consolidation		(1.633)	(549)	-	-
Other comprehensive income after tax (B)		**(89.675)**	**(81.068)**	**(88.042)**	**(80.518)**
Aggregated total income after tax (A+B)		**3.731.505**	**1.266.102**	**3.738.116**	**1.334.985**
- Parent company owners		3.733.994	1.300.269	3.738.116	1.334.985
- Non-controlling interests		(2.489)	(34.166)	-	-
Profit/(loss) after tax per share	6.24	0,1522	0,0550	0,1523	0,0564

The notes set out on pages 49 to 100 form an integral part of the financial statements.

3. Statement of Changes in Equity

GROUP	Share capital	Share Premium	Fair value reserves	Other reserves	Retained earnings	Co-affiliate differences subsidiaries' consolidation	Minority rights	Total
Balances 1.1.2019	**15.322.230**	**14.431.168**	**1.479.307**	**217.200**	**(13.084.449)**	**-**	**-**	**18.365.456**
Aggregate total income after tax					1.300.818		(34.166)	1.266.652
Increase of Share Capital							25.841	25.841
Decrease in reserves from revaluation of real estate, net of tax			72.624					72.624
Exchange differences on translation of foreign operations						(275)	(275)	(549)
Return of Share Capital	(502.368)							(502.368)
Changes in items in the period	**(502.368)**	**-**	**72.624**	**-**	**1.300.818**	**(275)**	**(8.600)**	**862.199**
Balances 31.12.2019	**14.819.862**	**14.431.168**	**1.551.930**	**217.200**	**(11.783.630)**	**(275)**	**(8.600)**	**19.227.655**
Balances 1.1.2020	**14.819.862**	**14.431.168**	**1.551.930**	**217.200**	**(11.783.630)**	**(275)**	**(8.600)**	**19.227.655**
Aggregate total income after tax				-	3.735.627		(2.489)	**3.733.138**
Change in profit or loss from prior year adjustments					4.658		4.658	**9.317**
Increase in share capital	965.349						26.325	**991.674**
Establishment of a regular reserve				191.308	(191.308)			-
Tax on capitalised reserves		(67.940)						**(67.940)**
Write-off of reserves with offsetting of losses		(12.543.741)		(171.073)	11.749.464			**(965.350)**
Return of Share Capital	(1.255.921)							**(1.255.921)**
Exchange differences on translation of foreign operations						(1.633)	(1.633)	**(3.266)**
Changes in items in the period	**(290.571)**	**(12.611.681)**	**-**	**20.235**	**15.298.442**	**(1.633)**	**26.861**	**2.441.653**
Balances 31.12.2020	**14.529.291**	**1.819.487**	**1.551.930**	**237.435**	**3.514.811**	**(1.908)**	**18.261**	**21.669.307**

The notes set out on pages 49 to 100 form an integral part of the financial statements.

COMPANY	Share capital	Share Premium	Fair value reserves	Other reserves	Retained earnings	Total
Balances 1.1.2019	**15.322.230**	**14.431.168**	**1.479.307**	**217.200**	**(13.084.449)**	**18.365.456**
Aggregate total income after tax					1.334.985	1.334.985
Decrease in reserves from revaluation of real estate, net of tax			72.624			72.624
Return of Share Capital	(502.368)					(502.368)
Changes in items in the period	**(502.368)**	**-**	**72.624**	**-**	**1.334.985**	**905.240**
Balances 31.12.2019	**14.819.862**	**14.431.168**	**1.551.930**	**217.200**	**(11.749.464)**	**19.270.696**
Balances 1.1.2020	**14.819.862**	**14.431.168**	**1.551.930**	**217.200**	**(11.749.464)**	**19.270.696**
Aggregate total income after tax					3.738.116	3.738.116
Increase in share capital	965.349					965.349
Establishment of a regular reserve				191.308	(191.308)	
Tax on capitalised reserves		(67.940)				(67.940)
Write-off of reserves with offsetting of losses		**(12.543.741)**		(171.073)	11.749.464	(965.350)
Return of Share Capital	(1.255.921)					(1.255.921)
Changes in items in the period	**(290.571)**	**(12.611.681)**	**-**	**20.235**	**15.296.273**	**2.414.256**
Balances 31.12.2020	**14.529.291**	**1.819.487**	**1.551.930**	**237.435**	**3.546.809**	**21.684.952**

The notes set out on pages 49 to 100 form an integral part of the financial statements.

4. Cash Flow Statement (Indirect Method)

	GROUP		COMPANY	
Operating activities	**01.01-31.12.2020**	**01.01-31.12.2019**	**01.01-31.12.2020**	**01.01-31.12.2019**
Profit before tax	5.206.899	1.855.162	5.211.878	1.923.495
Plus / (minus) adjustments for:				
Depreciation	1.919.126	1.392.616	1.919.126	1.392.616
Provisions	1.086.831	91.974	1.086.831	91.974
Exchange rate differences	-	(549)	-	-
Amortisation of grants	(227.198)	(125.339)	(227.198)	(125.339)
(Income)/Investment expenses	-	8.293	-	8.293
Financial costs - (net)	556.401	597.766	555.542	597.766
	8.542.059	3.819.922	8.546.179	3.888.804
Plus/ minus adjustments for changes in working capital accounts or related to operating activities:				
Decrease / (increase) in receivables	(2.038.305)	(94.214)	(2.084.009)	(92.876)
Decrease / (increase) in inventories	(3.641.136)	555.587	(3.644.536)	578.323
(Decrease) / increase in liabilities (excluding banks)	2.771.319	209.947	2.858.588	159.565
Minus:				
Interest and similar charges paid	(328.657)	(660.610)	(328.657)	(660.610)
Total inflows / (outflows) from operating activities (a)	**5.305.281**	**3.830.632**	**5.347.566**	**3.873.207**
Investment activities				
Participation in subsidiaries	-	-	(11.958)	(40.208)
Purchase of tangible and intangible fixed assets	(6.496.663)	(2.001.710)	(6.496.663)	(2.001.710)
Total inflows / (outflows) from investing activities (b)	**(6.496.663)**	**(2.001.710)**	**(6.508.621)**	**(2.041.918)**
Financial activities				
Return of Share Capital	(1.254.703)	(502.086)	(1.254.703)	(502.086)
Proceeds from capital increase	36.291	13.212	-	-
Proceeds from loans issued/drawn	10.000.000	5.029.613	10.000.000	5.029.613
Loan repayments	(5.499.580)	(6.142.842)	(5.499.580)	(6.142.842)
Repayments of finance lease liabilities (interest payments)	(485.237)	(516.737)	(485.237)	(516.737)
Total inflows/(outflows) from financing activities(c)	**2.796.770**	**(2.118.839)**	**2.760.479**	**(2.132.051)**
Net increase / (decrease) in cash and cash equivalents for the period (a)+(b)+(c)	**1.605.387**	**(289.918)**	**1.599.424**	**(300.763)**
Cash and cash equivalents at the beginning of the year	2.650.657	2.940.575	2.639.812	2.940.575
Exchange differences on cash and cash equivalents	622	-	-	-
Cash and cash equivalents at the end of the financial year	**4.256.667**	**2.650.657**	**4.239.236**	**2.639.812**

The notes set out on pages 49 to 100 form an integral part of the financial statements.

5. P Notes to the Financial Statements

5.1. General information

PAPOUTSANIS S.A. was founded in 1960 and is active in the production, import, export, promotion (marketing) and general marketing of consumer goods, such as soapmaking products, cosmetics and other personal care products, as well as the raw materials for their manufacture, etc. The company is classified as a fully vertically integrated industry producing soaps and personal care products for the consumer, hotels, etc.

The company's facilities are located at 71^{o} km of the National Road Athens-Lamia in the area of Ritsona of the Regional Unit of Evia.

PAPOUTSANIS S.A. has the form of a Public Limited Company and its shares are listed on the Athens Stock Exchange. The registered office of the Company is the Municipality of Chalkideon of the Regional Unit of Evia of the Region of Central Greece.

These financial statements were approved by the Board of Directors on 19^{η} March 2021 and are posted, together with the auditor's report and the annual report of the Board of Directors, on the internet at www.papoutsanis.gr

5.2. Summary of significant accounting policies

The basic accounting principles applied in the preparation of the financial statements are described below. These policies have been applied consistently for all periods presented, except for the adoption of the following new standards and interpretations effective for annual periods beginning on or after 1 January 2021. More detailed information is provided below (5.2.4).

5.2.1. Framework for the preparation of financial statements

These financial statements have been prepared by the management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations of the Interpretations Committee of the International Financial Reporting Standards, as adopted by the European Union, and present the financial position of PAPOUTSANIS S.A, its financial performance and its cash flows on a going concern basis, taking into account macroeconomic and microeconomic factors and their impact on operations.

5.2.2. Changes in accounting policies

The accounting principles on which the consolidated financial statements have been prepared are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31/12/2019, and have been consistently applied throughout the periods presented.

5.2.3. Risk of non-sustainability

Events, circumstances and relevant business risks that could cast serious doubt on the company's ability to continue as a going concern in the next financial year were assessed. There is no going concern risk.

5.2.4. New standards, amendments to standards and interpretations

New Standards, Interpretations, Revisions and Amendments to existing Standards that have entered into force and have been adopted by the European Union

The following new Standards, Interpretations and amendments to Standards have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their application is mandatory from 01/01/2020 or later.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 01/01/2020)**

In March 2018, the IASB revised the Conceptual Framework for Financial Reporting, the purpose of which was to incorporate significant issues that were not covered, as well as to update and clarify specific guidance. The revised Conceptual Framework for Financial Reporting includes a new chapter on measurement, which discusses the concept of measurement, including factors to consider when selecting a measurement basis, issues related to presentation and disclosure in the financial statements and guidance on the derecognition of assets and liabilities from the financial statements. Further, the revised Conceptual Framework for Financial Reporting includes improved definitions of assets and liabilities, guidance to assist in applying those definitions, an update of the criteria for recognising assets and liabilities, and clarifications in important areas such as the roles of management, conservatism and measurement uncertainty in financial reporting. The amendments have no impact on the consolidated and company financial statements.

- **Amendments to the Financial Reporting Conceptual Framework (effective for annual periods beginning on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to the Conceptual Framework for Financial Reporting, following its revision. Some standards include explicit references to earlier versions of the Conceptual Framework for Financial Reporting. The purpose of those amendments is to update those references and to support the transition to the revised Financial Reporting Framework. The amendments have no impact on the consolidated and company financial statements.

- **Amendments to IAS 1 and IAS 8: "Definition of Materiality" (effective for annual periods beginning on or after 01/01/2020)**

In October 2018, the IASB issued amendments to the definition of materiality to make it easier for companies to exercise judgement on materiality. The definition of materiality helps companies decide what information should be included in their Financial Statements. The new definition amends IAS 1 and IAS 8. The amendments clarify the definition of materiality and how it should be applied by including in the definition guidance that was previously included in other Standards. The amendments have no effect on the consolidated and company financial statements.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: "Restatement of Interest Rate Benchmark" (effective for annual periods beginning on or after 01/01/2020)**

In September 2019, the IASB issued amendments to certain requirements for certain hedge accounting treatments in order to smooth out potential impacts arising from the uncertainty resulting from the revision of the Interest Rate Reference Point. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty resulting from the phasing out of interest rate benchmarks such as interbank rates. In addition, companies are required to provide additional information to investors regarding hedging relationships that are directly affected by these conditions of uncertainty. The amendments have no impact on the consolidated and company financial statements.

- **Amendments to IFRS 3: "Definition of an Enterprise" (effective for annual periods beginning on or after 01/01/2020)**

In October 2018, the IASB issued limited purpose amendments to IFRS 3 to improve the definition of an entity. The amendments will help companies determine whether an acquisition is a business combination or an asset acquisition. The amended definition notes that the output of an entity is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and third parties. In addition to amending the definition of an entity, the IASB through this publication provides additional guidance. The amendments have no effect on the consolidated and company financial statements.

- **Amendments to IFRS 16 "Leases" Related to Covid-19 Lease Concessions (effective for annual periods beginning on or after 01/06/2020)**

In May 2020, the IASB issued amendments to IFRS 16 that provide lessees with the option to opt out of making an assessment of whether a Covid -19 related lease assignment qualifies as a lease modification. Specifically, the amendments clarify that if certain conditions are met, lessees are not required to assess whether specific Covid-19-related lease concessions are lease modifications. Instead, lessees that apply this practical expedient will adopt an accounting treatment for those lease assignments as not being lease modifications. The above applies to Covid-19-related lease concessions that reduce lease payments that become payable on or before June 30, 2021. The amendments have no impact on the consolidated and company financial statements.

New Standards, Interpretations, Revisions and Amendments to existing Standards that have not yet entered into force or been adopted by the European Union

The following new Standards, Interpretations and amendments to Standards have been issued by the International Accounting Standards Board (IASB) but are either not yet effective or have not yet been adopted by the European Union.

-Amendments to IFRS 4 "Insurance Contracts" - deferred application of IFRS 9 (effective for annual periods beginning on or after 01/01/2021)

In June 2020, the IASB issued amendments that postpone the effective date of IFRS 17 for two years, i.e. it will be effective for annual periods beginning on or after 1 January 2023. As a consequence, the IASB also extended the specified end date for the temporary exemption from the application of IFRS 9 Financial Instruments included in IFRS 4 Insurance Contracts, with the result that entities are required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. The Group will consider the impact of all of the above on its Financial Statements. The above have been adopted by the European Union with an effective date of 01/01/2021.

-Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmarking - Phase 2" (effective for annual periods beginning on or after 01/01/2021)

In August 2020, the IASB completed the process of assessing and responding to the reform of interbank interest rates and other interest rate benchmarks by issuing a series of amendments to five standards. The amendments complement those issued in 2019 and focus on the impact on the Financial Statements when an entity replaces the old benchmark rate with an alternative benchmark rate as a result of the restatement. Specifically, the amendments relate to how an entity will account for changes in contractual cash flows of financial instruments, how to account for a change in hedging relationships as a result of the restatement, and related disclosures. The Group will consider the impact of all of the above on its Financial Statements. The above has been adopted by the European Union with an effective date of 01/01/2021.

-Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018 - 2020" (effective for annual periods beginning on or after 01/01/2022)

In May 2020, the IASB issued a series of amendments, including limited-purpose amendments to three standards, as well as the Board's Annual Improvements. These amendments provide clarifications regarding the wording of the Standards or correct minor consequences, omissions or conflicts between the requirements of the Standards. In particular:

-The amendments to IFRS 3 Business Combinations update a reference in IFRS 3 in the Conceptual Framework for Financial Reporting without changing the accounting requirements relating to business combinations.

-The amendments to IAS 16 "Property, Plant and Equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced in the course of preparing those assets to be ready for use. Instead, the entity recognises such sales proceeds and related costs in the income statement.

-The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" specify the costs that a company should include when assessing whether a contract is loss-making.

-Annual Improvements to IFRSs - 2018-2020 Cycle makes minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Explanatory Examples accompanying IFRS 16 Leases.

The Group will consider the impact of all of the above on its Financial Statements. The above has not been adopted by the European Union.

-IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2023)

In May 2017, the IASB issued a new standard, IFRS 17, which replaces an interim standard, IFRS 4. The purpose of the IASB's project was to develop a single principle-based standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurance entity. A single principles-based standard will enhance the comparability of financial reporting between entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply to the financial reporting related to insurance contracts that it issues and reinsurance contracts that it holds. In addition, in June 2020, the IASB issued amendments, but these amendments do not affect the fundamental principles introduced when IFRS 17 was originally issued. The amendments are designed to reduce costs by simplifying certain requirements of the Standard, to result in more easily explained financial performance, and to ease the transition by deferring the effective date of the Standard to 2023, while providing additional assistance to reduce the effort required upon initial implementation of the Standard. The Group will consider the impact of all of the above on its Financial Statements. The above has not been adopted by the European Union.

- Amendments to IAS 1 "Classification of Liabilities as Current or Long-Term" (effective for annual periods beginning on or after 01/01/2023)

In January 2020, the IASB issued amendments to IAS 1 that affect the presentation requirements for liabilities. Specifically, the amendments clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) clarification that an entity's right to defer settlement should exist at the reporting date; (b) clarification that the classification of the liability is not affected by management's intentions or expectations regarding the exercise of the right to defer settlement, (c) explain how borrowing conditions affect the classification; and (d) clarify the requirements for classifying liabilities of an entity that is to be or may be settled by issuing its own equity instruments. In addition, in July 2020, the IASB issued an amendment to defer by one year the effective date of the originally issued amendment to IAS 1 as a result of the spread of the Covid-19 pandemic. The Group will consider the impact of all of the above on its Financial Statements. The above has not been adopted by the European Union.

- Amendments to IAS 1 "Presentation of Financial Statements" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued limited purpose amendments relating to disclosures of accounting policies. The purpose of the amendments is to improve disclosures of accounting policies to provide more useful information to investors and other users of financial statements. In particular, the amendments require disclosure of significant information about accounting policies, rather than disclosure of significant accounting policies. The Group will consider the impact of all of the above on its Financial Statements. The above have not been adopted by the European Union.

-Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued limited purpose amendments that clarify the difference between a change in accounting estimate and a change in accounting policy. This distinction is important because a change in accounting estimate is applied without retrospective effect and only to future transactions and other future events, unlike a change in accounting policy, which is retrospective and applies to past transactions and other past events. The Group will consider the impact of all of the above on its financial statements. The above has not been adopted by the European Union.

5.2.5. Significant accounting estimates and assumptions

Management's estimates and judgments are continually reviewed and are based on historical data and expectations of future events that are believed to be reasonable under current circumstances.

The company makes estimates and assumptions, mainly related to the determination of the useful life of fixed assets, the need to reassess the fair value of real estate, the determination of the fair value of investment property, the determination of the recoverable amount of receivables, the recognition of contingent liabilities and the impairment testing of assets.

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next 12 months are as follows:

Income tax

The provision for income tax under IAS 12 is calculated by estimating the taxes payable to the tax authorities and includes the current income tax for each financial year, a provision for additional taxes likely to arise from future tax audits and the recognition of future tax benefits. The final settlement of income taxes may differ from the related amounts recorded in the financial statements.

Significant estimates are required to determine the total provision for income tax as presented in the Statement of Financial Position. For certain transactions and calculations, the determination of final tax is uncertain. The Group recognises liabilities for anticipated tax matters based on estimates of whether additional tax will arise. Where the ultimate tax outcome of these matters differs from the amount initially recognised the differences affect the provision for income tax and deferred tax in the period in which the determination is made.

Provision for expected credit losses

For the determination of expected credit losses and the related provision for doubtful debts, the Group follows the general model as detailed in paragraph 5.2.13 of the accounting policies. The information required both to determine whether there is a significant deterioration in credit risk after initial recognition and to determine the stage to which each financial asset falls and to calculate the impairment provision is based on historical and prospective data and includes significant estimates. Past experience and estimates for the future may not be indicative of the actual amount of a default when an event occurs.

Deferred tax assets on tax losses and recoverability of deferred tax assets

A deferred tax asset is recognised for all unused tax losses to the extent that it is probable that sufficient taxable profit will be available to offset those tax losses. In determining the amount of deferred tax asset that can be recognized, significant judgments and estimates are required by the Group and Company management , which are based on future taxable profits in conjunction with future tax strategies to be pursued. In addition, at each reporting date of the Financial Statements, the Group and the Company assesses the recognition of deferred tax assets (recoverability assessment).

The deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of some or all of that deferred tax asset to be realised.

Contingencies/ Uncertain outcome of pending litigation

The Group and the Company are involved in legal claims and damages in the ordinary course of business. The Group and the Company review pending litigation at each date of the Statement of Financial Position and make provisions for litigation against the Group based on information from the law firms with which they work, which is derived from recent developments in the cases they are managing. Management believes that any settlements would not further impact the financial position of the Company and the

Group as at 31 December 2020. However, the determination of contingent liabilities associated with litigation and claims is a complex process involving judgements about the potential consequences and interpretations of laws and regulations. Changes in judgments or interpretations are likely to result in an increase or decrease in the Company's and the Group's contingent liabilities in the future.

Useful life of depreciable assets (depreciation rates)

Management considers the useful lives of depreciable assets in each year. As of December 31, 2020, the Company's management estimates that the useful lives represent the expected useful lives of the assets. Depreciable balances are discussed in the notes to the financial statements. Realized results, however, are likely to differ due to technical obsolescence, particularly with respect to software and computer equipment.

Impairment of tangible fixed assets and participations

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To calculate the value in use, management estimates the future cash flows from the asset or cash-generating unit and selects the appropriate discount rate to calculate the present value of future cash flows. Alternatively, it shall select another fair value method that it considers to be a reliable reflection of the recoverable amount of the property, plant and equipment at the end of the period.
The carrying amounts of equity investments are reassessed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable.

Provision for staff termination indemnities

Employee benefit obligations are calculated using actuarial methods which require management to estimate certain parameters such as discount rates, future employee salary growth rates, future employee separation rates and other factors such as the inflation rate. The Group's management makes best estimates of these parameters on an annual basis whenever an actuarial study is performed. Further details are included in note 5.3.16.

Consolidation of a subsidiary in which the group holds a non-majority of the voting rights

The Group estimates that it controls the Subsidiary PAPOUTSANIS Sp. Z o.o. , even though it holds 50% of the voting rights, based on the conditions prescribed in IFRS 10. In particular, the Group, based on its existing rights and the fact that it has signed agreements with the other shareholder, considers that it has the ability to direct the activities that significantly affect the performance of the company, i.e. relevant activities. The above requirements of IFRS 10 set out the context in which this Subsidiary is consolidated.

5.2.6. Consolidation

Principles of Consolidation: The financial statements include the financial statements of the parent company PAPOUTSANIS ANONYMIHEMI INDUSTRIAL AND COMMERCIAL COMPANY OF COLLECTIVE GOODS and its subsidiaries. All subsidiaries (companies in which PAPOUTSANIS S.A. directly or indirectly holds more than half of the voting rights or has the right to exercise control over their operations) have been consolidated. Subsidiaries are consolidated from the date that PAPOUTSANIS S.A. acquires the right to exercise control over them and cease to be consolidated from the date that control ceases.

Intercompany balances and transactions have been eliminated. Where necessary, the accounting policies of subsidiaries have been modified to ensure consistency with the accounting principles applied by the group. The following is an analysis of the subsidiaries that have been consolidated together with the relevant percentages of the participation of PAPOUTSANIS S.A. in each of them. Note that all the Group's subsidiaries have the same closing date of the Financial Statements. A change in the ownership interest in a subsidiary, without loss of control, is considered as a single transaction within equity.

Investments in Subsidiaries: Investments in subsidiaries in the corporate financial statements are carried at cost less any impairment losses, where appropriate.

Subsidiary	Year of establishment	%	Country
PAPOUTSANIS Sp. Z o.o.	2019	50%	Poland

During the first half of 2019, PAPOUTSANIS proceeded with the establishment of a subsidiary in Poland, under the name PAPOUTSANIS Sp. Z o.o. The shareholders of the new company, based in Warsaw, are Papoutsanis ABEE and the Polish soapmaker Betasoap Sp. Z o.o., with a 50% share each.

5.2.7. Information by sector

The segments are determined based on internal information received by the Company's management and are presented in the financial statements based on this internal classification. The Company has a single business segment, that of production (in Greece) and distribution of products to domestic and foreign markets.

5.2.8. Currency conversions

Functional and presentation currency

The company's financial statements are presented in euros, using the currency of the primary economic environment in which the company operates (referred to as the "functional currency").

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of each transaction. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognised in the income statement.

5.2.9. Tangible fixed assets

Owner-occupied property, plant and equipment (buildings, land) are valued at revalued value, which consists of the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value is determined after an appraisal by professional appraisers and the positive difference is recorded in an equity account "Fair value reserve". The negative difference is recorded in the income statement to the extent that it does not offset a corresponding fair value reserve. Such estimates are made when there is market evidence of a change in fair value and at least every 5 years. The last estimate was made as at 31 December 2019. The result of this valuation was a decrease in the fair value of the Land by €27,682 and an increase in the fair value of the Buildings by €127,360.

Other items of property, plant and equipment (machinery, equipment, etc.) are stated at cost less accumulated depreciation and any impairment. Cost includes expenditure directly related to the acquisition of the tangible fixed assets. Subsequent expenditure is either included in the carrying amount of property, plant and equipment or, if deemed more appropriate, recognised as a separate asset only when it is considered probable that future economic benefits will flow to the company and provided that the cost of the asset can be measured reliably. The cost of repairs and maintenance is expensed in the income statement when incurred.

Finance charges arising from the borrowing of funds used to finance the acquisition of property, plant and equipment are capitalised over the period of time required to prepare and complete the asset for future use. Other categories of borrowing costs are recognised as expenses in the profit or loss for the year.

Land is not subject to depreciation. Depreciation of other items of property, plant and equipment is calculated using the straight-line method with equal annual charges over the period of the expected useful life of the item so as to write off the cost at the end of the useful life. Residual values were estimated to be zero. The estimated useful lives of the major categories of fixed assets are as follows:

	Years
Industrial buildings	50-60
Machinery and mechanical equipment	10-30
Other mechanical installations and other mechanical equipment	2-7
Computer equipment and software	5-10
Means of transport of persons / cargo	10 / 8,3
Furniture and other equipment	10

The cost of subsequent expenditure is amortised over the expected useful life of each item. When a machine is composed of major components with different useful lives, the components are treated as separate items.

The residual values and useful lives of property, plant and equipment may be reviewed and adjusted, if necessary, at each balance sheet date.

When the depreciable amount of an item of property, plant and equipment exceeds its recoverable amount, the difference is recognised immediately as an expense in the income statement and the asset is carried at its recoverable amount.

Gains and losses on the sale of property, plant and equipment are determined by the difference between the proceeds and their depreciated value and are included in the income statement. In the event that property, plant and equipment measured at fair value is sold, the fair value reserves formed are transferred to retained earnings.

5.2.10. Intangible fixed assets

Research costs

Research costs are expensed as incurred.

Development costs

The costs of development projects (which mainly involve the design and testing of new or improved products) are recognised as intangible assets only when there is a probability of success of these projects, taking into account the degree of commercial and technological viability, and when the costs can be measured reliably. Other development costs are recognised as expenditure when incurred. Development costs of finite-lived assets that have been capitalised are amortised from the start of commercial production of the products indicated using the straight-line method of depreciation in equal annual instalments over the expected useful life of the asset, which in any case may not exceed 10 years.

Computer software

Capitalised software licences are measured at cost less accumulated amortisation, less any accumulated impairment. Amortisation is calculated using the straight-line method over their useful lives, which cannot exceed 5 years. Expenditure required for the development or maintenance of software is recognised as an expense in the income statement as incurred.

5.2.11. Investment in real estate

The purpose of real estate investments is either rental or capital enhancement. They are measured at fair value with differences from previous measurement recorded in the income statement. No depreciation is charged. Due to the insignificant value of the Company's investment property, no fair value measurement is performed when it is assessed that it will not have an impact on the value of the property and the results of operations, applying the cost-benefit principle.

5.2.12. Impairment of non-financial assets

Assets with indefinite useful lives are not depreciated but are subject to impairment testing annually or more frequently when events or changes in circumstances indicate that their depreciable amount may not be recoverable. Fixed assets subject to depreciation are subject to impairment testing when there is an indication that their depreciable carrying amount may not be recovered.

Impairment losses are recognised immediately as an expense and are equal to the difference between the depreciated value and the recoverable amount of the underlying asset.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of calculating impairment, assets are categorised at the lowest level possible to link them to separately identifiable cash flows (cash-generating units).

5.2.13. Financial instruments

A. Financial Assets

Initial identification

Financial assets are classified, on initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial asset and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financial component or for which the Company has applied the feasibility practice, the Company initially measures financial assets at fair value plus, in the case of a financial asset not measured through profit or loss, transaction costs.

Trade receivables that do not contain a significant financial component or for which the Company has applied the feasibility practice are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through comprehensive income, it must generate cash flows that are "solely payments of principal and interest (SPPI)" on the principal. This assessment is referred to as the SPPI test and is considered at the financial asset level.

The Company's business model for managing financial assets refers to the way in which it manages its financial resources in order to generate cash flows. The business model determines whether the cash flows will be generated from the collection of contractual cash flows, sale of financial assets or both.

The purchase or sale of financial assets that require the delivery of assets within a time frame specified by regulation or market contract are recognised on the transaction date, i.e. the date on which the Company commits to purchase or sell the asset.

Subsequent measurement
For subsequent measurement purposes, financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt securities)
- Financial assets at fair value through comprehensive income without recycling of cumulative gains and losses on remeasurement (equity instruments)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired with the intention of selling or repurchasing them in the near future. Derivatives, including embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held in a business model with the objective of holding financial assets to collect

contractual cash flows and b) the contractual covenants of the financial asset generate cash flows at specified dates that are solely payments of principal and interest on the principal balance.
Financial assets at amortised cost are subsequently measured using the (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(c) Financial assets designated at fair value through comprehensive income (equity securities)
Upon initial recognition, the Company may elect to irrevocably classify its equity investments as equity securities designated at fair value through comprehensive income when they meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation, and are not held for trading. Classification is determined on a financial instrument-by-financial instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement when the right to receive payment has been established, unless the Company benefits from such income as a recovery of part of the cost of the financial asset, in which case such gains are recognised in the statement of comprehensive income. Equity instruments designated at fair value through comprehensive income are not subject to impairment testing.

Impairment of financial assets

The Group measures the provision for losses on loans and advances to customers as an estimate of the present value of the cash flow shortfalls over the life of the loans and advances to customers. Cash flow shortfall is the difference between the cash flows due to the Group as contractually provided for and the cash flows the Group expects to receive.

The Group has adopted the simplified approach to the estimation of Expected Credit Losses ("ECL") for loans and advances to customers. At each reporting date, the Group measures the allowance for losses on loans and advances to customers at an amount equal to lifetime credit losses.

Stage 2: Measurement of LCI over the whole life - without credit impairment. If the financial asset has a significant increase in credit risk since initial recognition, but is not yet impaired, it is classified in Stage 2 and measured at lifetime LCA, defined as the expected credit loss attributable to all possible credit events over its expected life.

Step 3: Measurement of LCI over the entire life of the assets - with credit impairment. If the financial asset is designated as credit impaired, it is transferred to Step 3 and measured at the LCA over its entire life.

IFRS 9 presumes that the credit risk of a financial asset has increased significantly after initial recognition when contractual payments are more than 30 days past due. However, this presumption may be rebutted if there is reasonable and supportable information that is available without undue cost or effort that demonstrates that the credit risk has not increased significantly since initial recognition despite the fact that contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default when the borrower/debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realisation of collateral and pledges, registration of mortgages, etc. An objective presumption for a credit impaired financial asset is a delay in collection in excess of the days' delay set as a limit for each of them. The range of days set as a limit for the Group is between 30 and 180 days.

The following are the key inputs to the application of the Group's accounting policies in respect of the Group's LCI estimates:

- Exposure at default ("EAD"): represents the amount of the exposure at the reporting date.
- Probability of Default ("PD"): The probability of default is an estimate of the probability within the specified time horizon. The Group calculates PDs using historical data, assumptions and forward-looking estimates.
- Loss given default ("LGD"): represents the estimate of the loss that will be incurred at the date of default. LGD is calculated as the difference between the contractual cash flows of the instrument due and the expected future cash flows of the instrument expected to be received. The determination of Loss on Default also considers the effect of the recovery of expected cash flows arising from collateral held by the Group.

The Group holds collateral as a means of mitigating credit risk related to receivables from customers in respect of brood sales, for which the Group retains ownership of the biological assets sold.

The Group measures LIAs on a collective basis for portfolios of loans and advances to customers with similar credit characteristics. Specifically, the Group estimates LIAs by grouping exposures based on common risk characteristics and days past due. In addition, the Group assesses the expected credit losses associated with the Group's financial assets, taking into account forward-looking information. Forward-looking information is incorporated into the LCA model by examining various internal and external sources of actual financial information and economic forecasts. The Group has developed a provisioning matrix based on historical credit loss experience, adjusted for future factors appropriate to the debtors, their credit insurance coverage and the economic environment. The Group recognises the related loss provision at each reporting date.

B. Financial Liabilities

Financial liabilities include trade and other payables, bank overdrafts, interest-bearing loans and credits and financial guarantee contracts.

(a) Recognition and measurement of financial liabilities

The Group recognises a financial liability in its statement of financial position when, and only when, it becomes a party to the financial instrument. On initial recognition, financial liabilities are recognised at fair value, and in the case of interest-bearing loans and borrowings, net of directly attributable transaction costs.

(b) Classification of non-derivative financial liabilities

After initial recognition, financial liabilities are measured as follows:

Financial liabilities measured at amortised cost:

All interest-bearing loans and borrowings are initially measured at fair value less directly attributable transaction costs to issue the financial liability. Subsequently they are measured at amortised cost using the effective interest rate method. Amortised cost is estimated taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are extinguished or impaired, as well as through the amortisation process.

Financial liabilities at fair value through profit or loss:

They include liabilities held for trading, acquired or incurred principally for the purpose of selling or repurchasing in the near term, part of a portfolio of individually managed financial instruments that were held in common and for which there is documented evidence of a recent pattern of short-term profit-taking. Such liabilities are measured at fair value and gains or losses arising from changes in fair value are recognised in the income statement.

Financial guarantee contracts:

They include contracts that provide for specified payments by the issuer to compensate the holder for losses suffered as a result of the inability of a particular debtor to make payments in accordance with the original or modified terms of a debt instrument. These contracts are initially recognized as a liability at fair value, adjusted for transaction costs directly related to its issuance. They are subsequently measured at the higher of the amount recognized under IAS 37 and the amount initially recognized, reduced by the accumulated amortization recognized under IFRS 15, where applicable.

Γ. Offsetting of financial instruments

Financial assets and liabilities are offset and presented net in the statement of financial position if there is a legal right to offset the amounts recognised and, in addition, there is an intention to settle the net amount, i.e. to settle assets and liabilities in parallel.

D. Cessation of recognition of financial assets and liabilities

Financial assets: Financial assets (or, where applicable, part of a financial asset or part of a group of financial assets) are derecognised when:

-The rights to the cash inflow have expired or

-The Group retains the right to receive cash flows from the asset but has also assumed an obligation to third parties to pay those cash flows without significant delay in the form of a transfer agreement.

-The Group has transferred the right to receive cash flows from the asset and at the same time either (a) has transferred substantially all the risks and rewards of ownership or (b) has not transferred substantially all the risks and rewards of ownership but has transferred control of the asset.

Where the Group has transferred the rights to receive cash inflows from the asset but has not transferred substantially all the risks and rewards of ownership or control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. A corresponding liability is also recognised.

A continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the initial balance of the asset and the maximum amount the Group may be required to pay.

Financial liabilities: A financial liability is derecognised when the associated liability is discharged, cancelled or expires. Where a financial liability is replaced by another from the same lender on substantially different terms, or where the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective current values is recognised in the income statement.

5.2.14. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of a recognised asset for a specified period of time in exchange for consideration.

Lease accounting by the lessee

The Group applies a single recognition and measurement approach for all leases (including short-term and low-value leases). The Group recognises lease liabilities for lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease term (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted based on any remeasurement of the lease liability. The cost of right-of-use assets comprises the amount of the lease liability recognised, the initial direct costs and any rentals paid at or before the commencement of the lease term, less any lease incentives received. Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and their useful lives.

If ownership of the leased asset is transferred to the Group or the Company at the end of the lease period or if its cost reflects the exercise of a purchase option, depreciation is calculated in accordance with the estimated useful life of the asset.

The Group and the Company have leasing contracts for machinery, vehicles and other equipment used in their activities. The lease contracts may contain both leasehold and non-leasehold elements. The Group has elected not to separate the non-lease elements of the contract from the lease elements and therefore treats each lease element and any related non-lease elements as a single lease.

Right-of-use assets are subject to impairment testing.

ii. Liabilities from leases

At the commencement date of the lease, the Group and the Company measure the lease liability at the present value of the lease payments to be made during the lease term. Lease payments consist of fixed rents (including substantially fixed rents) less any lease incentives receivable, floating rents which are dependent on an index or interest rate and amounts expected to be paid under residual value guarantees. The Group and the Company use the Group's differential borrowing rate for discounting the lease payments as the imputed lease rate cannot be readily determined.

After the commencement date of the lease, the amount of the lease liability is increased by interest on the liability and decreased by the payment of rentals. In addition, the carrying amount of the lease liability is remeasured if there are revaluations or amendments to the lease contract.

Accounting of the lease by the lessor

Leases in which the lessor does not transfer substantially all the economic benefits and risks of ownership of the leased asset are classified as operating leases. When assets are leased under operating leases, the asset is included in the statement of financial position on the basis of the nature of the asset. Rental income from operating leases is recognised in accordance with the terms of the lease using the straight-line method.

A lease that transfers substantially all the economic benefits and risks incidental to ownership of the leased asset is classified as a finance lease.

Assets under finance lease are derecognised and the lessor recognises a receivable equal to the net investment in the lease. The lease receivable is discounted using the effective interest method and the carrying amount is adjusted accordingly. Rent receivable is increased on the basis of interest on the receivable and decreased as the rent is collected.

5.2.15. Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the amount of disposal costs.

The costs of finished products and work in progress are determined by the weighted average cost method and consist of raw materials, direct labour costs and industrial overheads allocated on the basis of normal production capacity.

Appropriate provision shall be made for unusable, obsolete and very low-speed stocks if they exceed the prescribed level. Write-downs from book value to net realisable value and losses on inventories are expensed in the period to which the write-down or loss corresponds.

5.2.16. Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, short-term investments of up to three months with a high degree of liquidity. Overdrafts are included in the balance sheet under short-term liabilities as borrowings.

5.2.17. Share capital

Ordinary shares are included in equity. The direct costs of issuing new shares are shown in equity as a deduction, net of tax. When the Company purchases own shares, the amount paid, including any incremental costs and net of income taxes, is shown as a deduction from equity in the form of own shares until such shares are cancelled or reissued. When those shares are subsequently sold or reissued, the value of any such transaction shall be included in equity.

5.2.18. Share-based payments

IFRS 2 "Share-based payments" requires an expense to be recognised when the Company acquires goods and services in exchange for shares (equity-settled transactions) or stock options or other assets equivalent in value to a given number of shares or share options (cash-settled transactions). The Company grants stock options to executives and employees. The fair value of the services of the executives and employees to whom the share options are granted is recognised in accordance with IFRS 2 as an expense in the statement of comprehensive income, with a corresponding increase in equity, over the period in which the services are received against which the options are granted. The total cost of options during the vesting period is calculated based on the fair value of the options granted at the grant date. The fair value of the options is measured by adopting an appropriate valuation model depending on the terms of each plan, taking into account appropriate inputs such as variance, discount rate and dividend yield.

5.2.19. Lending

Loans are initially recorded at fair value as amounts received less any direct transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. Any difference between the amount received (net of related transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method. Loans are classified as current liabilities unless the company has the right to defer repayment of the liability for at least 12 months after the balance sheet date.

5.2.20. Current and deferred income tax

Current income tax is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates those items in tax returns that relate to situations in which the applicable tax laws are subject to differing interpretations and makes provisions where necessary on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is defined as the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the respective tax bases used in the computation of taxable profit, and is accounted for using the balance sheet based method of computation.

Deferred income tax is not provided if it arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, it affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised. Deferred tax liabilities are always recognised.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the deferred tax assets become due and payable.

Deferred tax is charged or credited to profit or loss unless it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is accounted for directly in other comprehensive income.

5.2.21. Staff benefits

(a) Short-term benefits

Short-term employee benefits in cash and in kind are recognised as an expense when they are earned.

(b) Post-employment benefits

Post-employment benefits include both defined contribution plans and defined benefit plans.

The accrued cost of defined contribution plans is recognised as an expense in the period to which it relates.

Liabilities arising from defined benefit plans for employees are measured at the discounted value of future employee benefits that have become accrued at the balance sheet date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from empirical adjustments and from changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Past service costs are recognised directly in profit or loss.

(c) Termination benefits

Termination benefits are payable when the enterprise either terminates the employment of employees before retirement or following an employee³s decision to accept an offer of benefits in exchange for termination of employment. An entity recognises termination benefits as a liability and an expense on the earlier of (a) when the entity can no longer withdraw the offer of those benefits and (b) when the entity recognises restructuring costs within the scope of IAS 37 that involve the payment of termination benefits. Termination benefits payable 12 months after the balance sheet date are discounted.

5.2.22. Provisions

Provisions are recognised when: a) there is a present legal or constructive obligation arising from past events; b) it is probable that an outflow of resources will be required to settle the obligation; and c) the amount required can be reliably estimated. Future losses associated with the company's current operations are not recorded as provisions.

Where there are a number of similar liabilities, the likelihood that an outflow will be required on liquidation is determined by considering the liability category as a whole. A provision is recognised even if the probability of an outflow in respect of any item included in the same class of liabilities may be remote. In those cases where the enterprise expects a provision to be covered by a third party, such as in the case of insurance policies, the coverage is recognised as a separate asset but only when the coverage is substantially assured.

Provisions are calculated at the present value of the expenditure that, based on management's best estimate, is required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current reasonable estimates of the time value of money relating to the specific obligation.

5.2.23. Government Grants

Government grants are recognised at fair value when it is expected with certainty that the grant will be received and the company will comply with all stipulated conditions.

Government grants relating to costs are deferred and recognised in profit or loss to match the costs they are intended to compensate.

Government grants related to the purchase of property, plant and equipment are included in long-term liabilities as deferred government grants and are transferred as income (credited) to the income statement on a straight-line basis over the expected useful lives of the related assets.

5.2.24. Revenue recognition

Although IFRS 15 does not introduce any material differences from the Company's current accounting policies, the corresponding accounting policy was formulated as follows:

An entity recognises revenue when a contractual obligation to a customer is discharged by the delivery of goods or provision of services (which is the time when control of the goods or services passes to the customer). If a contract contains more than one contractual obligation, the total contract value is allocated to the individual obligations based on the individual sales values. The amount of revenue recognised is the amount allocated to the relevant contractual obligation that has been settled, based on the consideration that the entity expects to receive under the terms of the contract. Any variable consideration is included in the amount of revenue recognised to the extent that it is not significantly probable that this amount will be offset in the future.

Rights to future discounts based on sales volume are assessed by the company to determine whether they are material rights that the customer would not have acquired had the customer not entered into the contract. For all such rights, the Company assesses the likelihood of their exercise and then the portion of revenue attributable to that right is recognised when the right is either exercised or expires.

In accordance with the requirements of the new standard, the company concluded that future volume discounts create an entitlement for which provision should be made and recognised at the time of exercise or expiry. The company provides volume discounts to customers based on the limits set out in the contracts between them. All such discounts are accounted for within the financial year and therefore the application of the new standard has no impact on the annual consolidated financial statements.

Furthermore, the company concluded that the transfer of control of the products to the customer takes place at a specific time, when the customer receives the goods, as this is when the customer is able to receive the benefits of the specific products.

5.2.25. Borrowing costs

Net financing costs consist of accrued interest on borrowings, calculated using the effective interest method.

Finance charges arising from the borrowing of funds used to finance the acquisition of property, plant and equipment are capitalised over the period of time required to prepare and complete the asset for future use. Other categories of borrowing costs are recognised as expenses in the profit or loss for the year.

5.2.26. Dividends

Dividends are recognised as income when the right to receive them has been established.

5.2.27. Dividend distribution

Dividends are recognised in the financial statements in the period in which they are approved by the General Meeting of Shareholders.

5.2.28. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during each year, excluding the average number of ordinary shares acquired as own shares.

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax) by the weighted average number of shares outstanding during the year (adjusted for the effect of diluted convertible shares).

The weighted average number of ordinary shares outstanding during the accounting period and for all periods presented is adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

5.2.29. Comparative figures and roundings

Differences presented between the amounts in the financial statements and the corresponding amounts in the notes are due to rounding of decimal amounts to the nearest whole unit. In addition, where necessary, comparative figures for previous years are reclassified to conform to the current year's figures, with appropriate disclosure.

5.3. Financial risk management

The company has no material financial assets traded in active markets, except for possible temporary holding of own shares.

5.3.1. Financial risk factors

The company is exposed to financial risks such as market risk (foreign exchange rate risk, cash flow risk and fair value risk from changes in interest rates and price risk), credit risk and liquidity risk.

(a) Market risk

Exchange rate risk

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

Interest rate risk

The financial cost of all the company's bank borrowings is variable based on euribor. Bank borrowings are exclusively in euros. Management believes that there are no significant risks from a possible change in interest rates and the impact on the company's credit rating from borrowing costs is limited.

The Company's revenues and operating cash flows are largely independent of interest rate fluctuations in the market because the Company has no other interest-bearing assets.

Exposure to risks arising from fluctuations in interest rates on borrowings is limited as cash flow risk from changes in floating interest rates.

The company's approach consists of a continuous review of interest rate trends, and the duration of funding needs.

The table below shows the sensitivity of the result for the year and equity to a reasonable change in interest rates of 0.5%. Changes in interest rates are estimated to be on a reasonable basis relative to recent market conditions.

	2020	**2019**
Sensitivity of result	61.000	48.000

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 in the production of packaging. The price of these varies according to supply and demand on the world market, as most of them are traded products. Due to increased competition in the industry, any increases in international and domestic raw material prices are not easily passed on to the final price of the products, which carries the risk of adversely affecting the Company's results. To this end, the Company, annually, seeks and ultimately uses the supplier that ensures the best price, reducing the risk of dependence. In addition, it monitors on an ongoing basis the prices of raw materials and enters into relevant agreements with its suppliers on a medium-term horizon. No derivatives are used to hedge this risk.

(b) Credit risk

Credit risk arises mainly from receivables from customers. To address this risk, the Company continuously monitors the financial situation of its debtors and takes the necessary actions (credit insurance, legal actions) based on its credit policy to reduce this risk.
Most of the active customers are covered by credit insurance which covers 80% or 90% of the claim.

The table below shows the breakdown of trade receivables after estimation of expected credit losses:

	2020	**2019**
Balance within the credit period	4.273.094	3.860.721
Balance beyond the credit period	382.404	228.231
Total	**4.655.498**	**4.088.952**

The movement in the provision for impaired trade receivables is presented below:

Balance 31.12.2019	**(1.430.916)**
Use of provision for deletion	-
New provision in the use	(47.960)
Balance 31.12.2020	**(1.478.876)**

(c) Liquidity risk

Liquidity risk - cash flow risk

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

According to these Financial Statements as of 31.12.2020, the Company has positive working capital, positive operating cash flows and significant cash resources. Therefore, no significant liquidity risk is foreseen.

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

[η]The maturity of financial liabilities based on estimated undiscounted contractual outflows as of December 31, 2020 and 2019, respectively, is as follows:

	GROUP 2020			
	Short-term		Long-term	
	within 6 months	6 to 12 months	1 to 5 years	more than 5 years
Lending	1.709.272	1.254.272	7.596.250	950.000
Finance lease liabilities	225.097	213.711	546.778	-
Trade and other payables	9.563.539	72.235	-	-
	11.497.908	**1.540.218**	**8.143.028**	**950.000**

	GROUP 2019			
	Short-term		Long-term	
	within 6 months	6 to 12 months	1 to 5 years	more than 5 years
Lending	887.056	887.056	5.008.378	-
Finance lease liabilities	247.296	239.882	883.645	-
Trade and other payables	6.444.728	62.575	-	-
	7.579.080	**1.189.513**	**5.892.022**	**-**

	COMPANY 2020			
	Short-term		Long-term	
	within 6 months	6 to 12 months	1 to 5 years	more than 5 years
Lending	1.709.272	1.254.272	7.596.250	950.000
Finance lease liabilities	225.097	213.711	546.778	-
Trade and other payables	9.563.218	72.235	-	-
	11.497.587	**1.540.218**	**8.143.028**	**950.000**

	COMPANY 2019			
	Short-term		**Long-term**	
	within 6 months	6 to 12 months	1 to 5 years	more than 5 years
Lending	887.056	887.056	5.008.378	-
Finance lease liabilities	247.296	239.882	883.645	-
Trade and other payables	6.368.505	62.575	-	-
	7.502.857	**1.189.513**	**5.892.022**	**-**

The expected collection time for customers who are not impaired is shown in the following table:

	GROUP		COMPANY	
	2020	2019	2020	2019
Less than 6 months	4.469.278	3.953.149	4.469.278	3.953.149
Between 6 months and 1 year	186.220	135.803	186.220	135.803
	4.655.498	**4.088.953**	**4.655.498**	**4.088.953**

5.3.2. Capital Management

The Group monitors capital management based on the following indicator based on the figures as presented in the Statement of Financial Position:

Capital Management - GROUP		
	31.12.2020	**31.12.2019**
Total borrowings	12.495.381	8.153.312
Less: Cash and cash equivalents	-4.256.667	-2.650.657
Net borrowing	**8.238.714**	**5.502.655**
Total Equity attributable to equity holders of the parent	21.651.047	19.236.255
Plus: Borrowing	8.238.714	5.502.655
Total capital employed	**29.889.761**	**24.738.910**
Leverage factor	28%	22%

5.3.3. Determination of fair values

The company uses the following hierarchy for the determination and disclosures of fair values of financial assets, based on the valuation method used:
Level 1: fair values are determined by reference to published active market transaction prices.
Level 2: fair values are determined using measurement techniques for which all parameters that have a significant effect on the recorded fair value are supported by observable market transaction prices (directly or indirectly).
Level 3: fair values are determined using measurement techniques for which the parameters that have a significant effect on the recorded fair value are not supported by observable market transaction prices.

The table below shows the classification by level of the Group's non-financial assets measured at fair value on a recurring basis as at 31 December 2020 and 31 December 2019:

Fair value measurement at the end of the reporting period 31.12.2020				
	Level 1	**Level 2**	**Level 3**	**Total**
Tangible fixed assets				
- Rights to use fixed assets		2.168.411		**2.168.411**
-Owned properties			7.035.904	**6.644.843**
Investment in real estate				
- Real Estate in Greece			226.707	**226.707**
Total		**2.168.411**	**7.262.611**	**9.039.961**

Fair value measurement at the end of the reporting period 31.12.2019

	Level 1	Level 2	Level 3	Total
Tangible fixed assets				
- Rights to use fixed assets		2.667.260		**2.667.260**
-Owned properties			6.644.843	**7.035.904**
Investment in real estate				
- Real Estate in Greece			226.707	**226.707**
Total		**2.667.260**	**6.871.550**	**9.929.871**

The fair value of Level 2 right-of-use assets is determined using technical methods such as discounting future leases at appropriate market rates.

The fair value of the Group's investment properties has been estimated by an independent Chartered Surveyor as at 31.12.2019. Property valuations performed using the comparative method are based on the collection of data either from actual recent transfers of identical properties in the specific area or by researching the real estate market in cooperation with brokers and comparing the data with the estimated value. In the case of land of investment interest, the Comparative Data Method or the Real Estate Market Method is also used to determine the value of land. Under this method, the value is determined on the basis of conclusions drawn from research and the collection of comparative data. The revaluation date was December 31, 2019 and the fair values are based on valuations performed by the independent appraiser.

The fair value of level 3 owner-occupied properties is measured at the Group by independent valuers. The date of the last revaluation was 31 December 2019. The valuations performed by an independent valuer were based on market prices, with significant adjustments for the nature, location and condition of each property. Significant and isolated increases (decreases) in market prices would have contributed to a significantly increased/(decreased) fair value.

For assets and liabilities that are recognised in the financial statements on a regular basis, the Group determines whether transfers between levels of the hierarchy have occurred by reassessing and re-categorising (based on the lowest level elements that are significant for measuring fair value as a whole) at the end of each reporting period. There were no movements between levels during the year.

For the current year, no valuation of investment properties and owner-occupied properties was performed as no significant change in fair value is expected.

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term maturity:

- Trade and other receivables
- Suppliers and other liabilities
- Borrowings / financial liabilities
- Cash and cash equivalents

5.4. Information by sector

The Company has a single business sector, that of production (in Greece) and distribution of products to domestic and foreign markets.
All of the Company's non-current assets are located in Greece.

Information by sector
The Company has a single business segment, that of production (in Greece) and distribution of products to domestic and foreign markets, while PAPOUTSANIS Sp. Z o.o. has a single business segment, that of marketing (in Poland) and distribution of products to Polish and foreign markets.

The sales of the company and the group, for the closed and the previous financial year, at the level of geographical origin of customers are presented in the following table:

	GROUP				**COMPANY**			
	1.1 - 31.12.2020		**1.1 - 31.12.2019**		**1.1 - 31.12.2020**		**1.1 - 31.12.2019**	
Domestic Sales	20.614.345	*50,47%*	15.644.796	*51,01%*	20.614.345	*50,53%*	15.644.796	*50,99%*
Foreign sales	20.227.594	*49,53%*	15.022.332	*48,99%*	20.184.349	*49,47%*	15.037.692	*49,01%*
Total sales	**40.841.939**	***100%***	**30.667.128**	***100%***	**40.798.694**	***100%***	**30.682.488**	***100%***

All of the Company's non-current assets are located in Greece.

The Group, for the year ended 31.12.2020, had three significant customers. The first represented sales of EUR 4.5 million (10.9% of total sales), the second represented sales of EUR 2.9 million (7.1% of total sales) and the third represented sales of EUR 2.8 million (6.8% of total sales). Each of the other customers represented less than 6.8% of the Company's sales.

6. Explanatory notes to the items in the Financial Statements

6.1. Tangible fixed assets

Buildings - Land

The Group's and the Company's property, plant and equipment are analysed as follows:

	31.12.2020	31.12.2019
Tangible fixed assets	30.183.687	25.154.677
Leased Fixed assets	2.168.411	2.667.260
	32.352.099	**27.821.937**

Analysis of Own Fixed Assets

	Grounds & Land	Buildings & Building Facilities	Machinery and Mechanical Installations	Other equipment	Fixed assets under execution	TOTAL
On 1 January 2019	**1.500.028**	**5.298.388**	**31.264.944**	**1.909.445**	**218.313**	**40.191.115**
Additions	-	148.482	1.371.119	272.795	312.011	2.104.404
Value adjustment	(27.682)	127.360	-	-	-	99.678
Transfers from under way	-	-	515.338	-	(515.338)	-
Reductions	-	-	(1.950.480)	(140.240)	(9.414)	(2.090.720)
As at 31 December 2019	**1.472.346**	**5.574.230**	**31.200.921**	**2.042.000**	**5.572**	**40.295.066**
On 1 January 2020	**1.472.346**	**5.574.230**	**31.200.921**	**2.042.000**	**5.572**	**40.295.066**
Additions	-	519.596	3.302.036	80.302	2.873.888	6.775.821
Delete	-	-	-	(2.428)	-	(2.428)
Transfers from under way	-	-	908.677	-	(908.677)	-
Reductions	-	-	(844.926)	(19.799)	-	(864.726)
At 31 December 2020	**1.472.346**	**6.093.826**	**34.566.708**	**2.100.075**	**1.970.783**	**46.203.734**

	Grounds & Land	Buildings & Building Facilities	Machinery and Mechanical Installations	Other equipment	Fixed assets under execution	TOTAL
Accumulated depreciation						
On 1 January 2019	**-**	**299.045**	**13.993.953**	**1.743.070**	**-**	**16.036.067**

Depreciation and amortisation for the year	-	102.724	956.803	102.155	-	1.161.682
Depreciation carried forward from retirement of fixed assets	-	-	(1.950.029)	(140.239)	-	(2.090.269)
Depreciation carried forward from leased assets	-	-	32.909	-	-	32.909
As at 31 December 2019	**-**	**401.769**	**13.033.636**	**1.704.985**	**-**	**15.140.390**
On 1 January 2020	**-**	**401.769**	**13.033.636**	**1.704.985**	**-**	**15.140.390**
Depreciation and amortisation for the year	-	128.534	1.494.141	47.714	-	1.670.389
Depreciation carried forward from retirement of fixed assets	-	-	(844.926)	(21.040)	-	(865.966)
Depreciation carried forward from leased assets	-	-	75.236	-	-	75.236
At 31 December 2020	**-**	**530.303**	**13.758.087**	**1.731.659**	**-**	**16.020.049**
Depreciable Value						
As at 31 December 2019	1.472.346	5.172.461	18.167.285	337.015	5.572	25.154.677
At 31 December 2020	**1.472.346**	**5.563.523**	**20.808.621**	**368.416**	**1.970.782**	**30.183.687**

α) As at 31.12.2019, registered mortgages on owner-occupied properties amounted to €9,200,000, which were provided to secure bond loans, which as at 31.12.2019 had been fully repaid.
At the date of approval of the financial statements, all collateral has been released.

b) Management reassessed the fair value of its owner-occupied properties as at 31 December 2019.
An analysis of the historical cost of owner-occupied land and buildings and changes in their fair value, according to the valuation performed, is disclosed in note 6.9.

Analysis of leased assets (assets held under finance leases and rights to use assets):

	MEANS OF TRANSPORT	MACHINERY & EQUIPMENT	OTHER EQUIPMENT	TOTAL
Acquisition or valuation value				
On 1 January 2019	**-**	**2.785.808**	**31.180**	**2.816.988**
Change in accounting policy	182.798	43.797	-	226.595
Additions	25.447	37.783	-	63.230
Transfer to own property	-	(131.639)	-	(131.639)
As at 31 December 2019	**208.245**	**2.735.749**	**31.180**	**2.975.174**
On 1 January 2020	**208.245**	**2.735.749**	**31.180**	**2.975.174**
Change in accounting policy	**-**	**-**	-	-
Additions	71.463	28.538	-	**100.001**
Transfer to own property	-	**(482.458)**	-	**(482.458)**
At 31 December 2020	**279.708**	**2.281.829**	**31.180**	**2.592.717**
Accumulated depreciation				
On 1 January 2019	**-**	**146.045**	**10.393**	**156.438**
Depreciation and amortisation for the year	63.554	113.054	6.236	**182.844**

Transfer to own property	-	(31.366)	-	**(31.366)**
As at 31 December 2019	**63.554**	**227.733**	**16.629**	**307.916**
On 1 January 2020	**63.554**	**227.733**	**16.629**	**307.916**
Depreciation and amortisation for the year	77.468	107.922	6.236	191.626
Transfer to own property	-	(75.236)	-	(75.236)
At 31 December 2020	**141.022**	**260.419**	**22.865**	**424.306**
Depreciable Value				
As at 31 December 2019	**144.691**	**2.508.016**	**14.551**	**2.667.260**
At 31 December 2020	**138.686**	**2.021.410**	**8.315**	**2.168.411**

A breakdown of lease liabilities for future years and the recognised rights of use of assets by asset category is provided:

Right to Use Assets	**31/12/2019**	**Useful additions**	**Depreciation and amortisation for the year**	**31/12/2020**
Printing Machinery	69.354	28.538	19.376	78.517
Pallet trucks	25.787	29.791	13.108	42.470
Cars	118.904	41.672	64.360	96.216
Right to Use Assets	**214.046**	**100.001**	**96.843**	**217.203**

Lease liabilities	**31/12/2019**	**Useful additions**	**Payments for use**	**Interest for use**	**31/12/2020**
Printing Machinery	70.560	28.538	(22.050)	2.828	79.875
Pallet trucks	26.301	29.791	(14.086)	1.364	43.370
Cars	121.176	41.672	(68.927)	6.328	100.250
Lease liabilities	**218.037**	**100.001**	**(105.063)**	**10.520**	**223.495**

Analysis of lease liabilities	**up to 1 year**	**1 to 5 years**	**later from 5 years**	**Total**
Lease liabilities	111.695	127.319	691	**239.330**
Financial output	(8.107)	(8.089)	(14)	**(16.210)**
Net present value of the Liability	**103.588**	**119.230**	**677**	**223.495**

6.2. Investment in real estate

The investments in real estate relate to agricultural land with a single-storey house owned by the Company (in Evia), with a fair value of EUR 226,707. There was no change in fair value in the 2020 financial year.

The change in fair value you have as follows:

Balance 1.1.2019	**235.000**
Additions/Deductions period	-
Fair value measurement differences	(8.293)
Balance 31.12.2019	**226.707**
Balance 1.1.2020	**226.707**
Additions/Deductions period	-
Valuation differences in fair value	-
Balance 31.12.2020	**226.707**

6.3. Intangible assets

Intangible assets relate to purchased computer software and new product development costs. They are analysed as follows:

	Computer software	Development costs	Total
Acquisition or valuation value			
On 1 January 2019	**2.015.843**	**241.797**	**2.257.640**
Additions	30.450	9900	**40.350**
As at 31 December 2019	**2.046.293**	**251.697**	**2.297.990**
On 1 January 2020	**2.046.293**	**251.697**	**2.297.990**
Additions	104.486	-	**104.486**
At 31 December 2020	**2.150.779**	**251.697**	**2.402.476**
Accumulated depreciation			
On 1 January 2019	**1.845.502**	**226.519**	**2.072.022**
Depreciation and amortisation for the year	45.724	2.365	**48.089**
As at 31 December 2019	**1.891.227**	**228.884**	**2.120.111**
On 1 January 2020	**1.891.227**	**228.884**	**2.120.111**
Depreciation and amortisation for the year	53.922	3.190	**57.112**
At 31 December 2020	**1.945.148**	**232.074**	**2.177.223**
Depreciable Value			
As at 31 December 2019	155.066	22.813	177.878
At 31 December 2020	**205.631**	**19.623**	**225.252**

6.4. Long-term receivables

They relate to long-term guarantees and other receivables and their movement during the financial years 2020 and 2019 in the company and the group was as follows:

A) Group

	Guarantees	Other receivables	Total
Balance 01.01.2019	**21.268**	**-**	**21.268**
In-use repayments of guarantees	(6.155)	-	(6.155)
Granting of guarantees in use	1.763	-	1.763
Other	-	921	921
Balance 31.12.2019	**16.876**	**921**	**17.797**
Balance 01.01.2020	**16.876**	**921**	**17.797**
In-use repayments of guarantees	-	(921)	(921)
Granting of guarantees in use	2.049	-	2.049
Balance 31.12.2020	**18.925**	**-**	**18.925**

B) Company

	Guarantees	Other receivables	Total
Balance 01.01.2019	**21.268**	**-**	**21.268**
In-use repayments of guarantees	(6.155)	-	(6.155)
Granting of guarantees in use	1.763	-	1.763
Balance 31.12.2019	**16.876**	**-**	**16.876**
Balance 01.01.2020	**16.876**	**-**	**16.876**
Granting of guarantees in use	2.049	-	2.049
Balance 31.12.2020	**18.925**	**-**	**18.925**

6.5. Inventories

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Raw and auxiliary materials	3.118.091	1.837.434	3.118.091	1.837.434
Merchandise	248.746	143.002	229.410	120.266
Ready products	4.215.106	1.960.371	4.215.106	1.960.371
Devaluation projections	(89.000)	(70.000)	(89.000)	(70.000)
	7.492.943	**3.870.807**	**7.473.607**	**3.848.071**

In the financial year 2020 the company made a provision for inventory obsolescence of €19,000. This provision has been recorded in the income statement for the current financial year.

6.6. Trade and other receivables

Analysis and measurement of trade receivables

31.12.2019	Balances of claims - Time overdue of balances: Current receivables: Without delay	1-180 days	more than 180 days	Bad debts (balances from previous years)	Total
Trade receivables	3.882.560	237.161	151.214	1.248.934	5.519.869
Loss rate	0,6%	3,8%	100,0%	100,0%	
Estimated credit losses (*)	(21.839)	(8.930)	(151.214)	(1.248.934)	(1.430.916)
Balance (net) of receivables from customers 31.12.2019	3.860.722	228.231	-	-	4.088.953
Change in estimated credit losses recognised in profit or loss before tax					**(125.605)**

31.12.2020	Balances of claims - Time overdue of balances: Current receivables: Without delay	1-180 days	more than 180 days	bad debts (balances of previous operations)	Total
Trade receivables	4.341.253	281.753	262.434	1.248.934	6.134.374
Loss rate	1,6%	4,1%	57,3%	100,0%	
Estimated credit losses (*)	(68.159)	(11.422)	(150.361)	(1.248.934)	(1.478.876)
Balance (net) of receivables from customers 31.12.2020	4.273.094	270.330	112.073	-	4.655.498
Change in estimated credit losses recognised in profit or loss before tax					**(47.960)**

(*) Note that most of the estimated credit losses have been charged to the Company's results in years prior to ten years ago.

The movement in the Group's provision for impaired trade receivables during the years ended 31 December 2020 and 31 December 2019 is as follows:

Balance 01.01.2019	**(1.305.311)**
Provision for credit loss for the period	(125.605)
Balance 31.12.2019	**(1.430.916)**
Provision for credit loss for the period	(47.960)
Balance 31.12.2020	**(1.478.876)**

Other receivables (current item)

Analysis:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Other deductions (Greek State)	74.779	17.183	74.779	17.183
Use VAT claim	1.364.417	13.936	1.364.417	13.936
Advances	213.330	470.008	213.330	470.008
Debtors	106.340	37.793	106.340	37.793
Other receivables	372.031	115.374	371.955	76.487
Less: Provisions for other doubtful receivables	(4.679)	(4.679)	(4.679)	(4.679)
Total other receivables	**2.126.219**	**649.616**	**2.126.143**	**610.728**

6.7. Cash and cash equivalents

Cash and cash equivalents represent cash and bank deposits.

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Checkout	1.307	1.471	1.307	1.471
Sight deposits in Euro	4.244.877	2.545.042	4.227.447	2.545.042
Sight deposits in foreign currency	10.482	104.144	10.482	93.299
	4.256.667	**2.650.657**	**4.239.236**	**2.639.812**

6.8. Share capital

Analysis of share capital and share premium

Group and Company:

	Equity capital	**In favour of the even**
Balance 01.01.2019	**15.322.230**	**14.431.168**
Return of Share Capital	(502.368)	-
Balance 31.12.2019	**14.819.862**	**14.431.168**
Balance 01.01.2020	**14.819.862**	**14.431.168**
Increase in share capital	965.349	
Return of Share Capital	(1.255.921)	-
Offsetting of losses for new business with excess of loss		(12.543.741)
Tax on capitalised reserves	-	(67.940)
Balance 31.12.2020	**14.529.291**	**1.819.487**

On 22.05.2019, the decision of 22.05.2019 of the General Secretariat of Commerce and Consumer Protection (Department of Supervision of Listed Companies) with number 1544006 was registered in the General Commercial Register (G.E.M.I.), approving the amendment of article 3 (share capital) of the Articles of Association, in accordance with the decision of the Extraordinary General Meeting of the company's shareholders of 18.04.2019. This amendment concerns the following change, which has been reflected in these financial statements:

Reduction of share capital by 502.368,20€ to 14.819.861,90€, with a reduction of the nominal value of the total 25.118.410 shares of the Company from 0,61€ to 0,59€, in order to return capital in cash to the shareholders and corresponding amendment of article 3 of the Company's Articles of Association

By the decision of the Extraordinary General Meeting of Shareholders of 27.02.2020, it was decided to reduce the share capital of the Company by €753,552.30 to €14,066,309.60, with a reduction of the nominal value of the total of 25,118,410 shares of the Company from €0.59 to €0.56, with the purpose of returning the capital in cash to the shareholders.

By the decision of the Annual General Meeting of Shareholders of 29.07.2020, it was decided to reduce the share capital of the Company by €502,368.20 to €13,563,941.40, by reducing the nominal value of the total 25,118,410 shares of the Company from €0.56 to €0.54, with the purpose of returning the capital in cash to the shareholders.

By the decision of the Extraordinary General Meeting of Shareholders of 23.12.2020, it was decided to increase the share capital of the Company by 965,349.36€ to 14,529,290.76€, by capitalizing tax-free reserves of development laws and issuing 1,787,684 new common nominal voting shares with a nominal value of 0.54€ each. The Corporate Transactions Committee of the Stock Exchange at its meeting on 12/01/2021 approved the admission of the above new shares to trading on the Exchange. The cut-off date for the right to participate in the share capital increase with capitalisation of reserves was set as 14/01/2021. As of the same date, the Company's shares were traded on the Stock Exchange without the right to participate in the aforementioned increase and the starting price of the Company's shares on the Stock Exchange was determined in accordance with the Regulations of the Athens Exchange in conjunction with the decision of the Board of Directors of the Stock Exchange No. 26, as applicable. The beneficiaries of the new shares issued under the share capital increase with capitalisation of reserves were the shareholders who would have been registered in the records of the S.A.T. on 15/01/2021. The start of trading of the 1,787,684 new shares on the Athens Exchange was set for 20/01/2021.

Dividend Policy

The Management intends to propose to the Annual General Meeting of Shareholders the distribution of a dividend of a gross amount of €0.05 per share. The proposed distribution is subject to the approval of the Annual General Meeting of Shareholders.

The Company's shares are listed on the main market of the Athens Stock Exchange.

6.9. Fair value reserves

The fair value reserves are derived from the valuation of the properties by independent professional valuers carried out on 31.12.2020 and are analysed as follows:

Analysis of Changes in Fair Value in Use

Fair value reserves	**31.12.2020**	**31.12.2019**
Balances at the beginning of the period	1.551.930	1.479.307
Balances at the end of the financial year	**1.551.930**	**1.551.930**

6.10. Other reserves

Other reserves are broken down as follows:

	Regular reserve	Tax-free reserves	Other reserves	**Total**
Balance at 1 January 2019	46.127	150.155	20.918	**217.200**
Balance at 31 December 2019	**46.127**	**150.155**	**20.918**	**217.200**
Balance at 1 January 2020	**46.127**	**150.155**	**20.918**	**217.200**
Establishment of a regular reserve	191.308	-	-	**191.308**
Capitalisation of reserves	-	(150.155)	(20.918)	**(171.073)**
Balance at 31 December 2020	**237.435**	**-**	**-**	**237.435**

(a) Regular reserve

The ordinary reserve is formed compulsorily, in accordance with the provisions of Law 4548/2018 (similarly with the previous provisions of Law 2190/20), to cover any losses of the company. The amount consists of 5% of the profit for the financial year, after deduction of income tax, up to 1/3 of the share capital.

(b) Tax-free reserves

Tax-free reserves are formed on the basis of development laws, from net profits. These amounts are tax-exempt, they are not subject to income tax because they are formed for the creation of fixed investments.

(c) Other reserves

These reserves are formed by withholding taxed profits, following a decision of the General Meeting. Their main purpose is to strengthen the liquidity of the company.

6.11. Loans

The fair value of the loans does not differ significantly from the carrying amount, as the loans are variable rate loans. The Group's and the Company's loans are analysed as follows:

	31.12.2020	31.12.2019
Long term		
Bank loans	8.546.250	5.008.378
Liabilities arising from finance leases	546.778	883.645
Total	**9.093.029**	**5.892.022**
Short term		
Bank loans	1.487.232	1.301.295
Short-term portion of long-term bank loans	1.476.312	210.000
Liabilities arising from finance leases	438.808	487.178
Non-bank loans	-	262.816
Total	**3.402.352**	**2.261.290**
Total loans	**12.495.380**	**8.153.312**

The average cost of bank borrowings (interest and expenses on bank loans and leases / average monthly bank borrowings) was 3.7% in fiscal 2020 and 4.1% in fiscal 2019.

6.12. Deferred tax

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities arise from the same taxation authority.

The offsetting of deferred assets and liabilities gives rise to deferred tax liabilities payable after recovery of the accumulated tax losses. Under current tax legislation, tax losses for each year are offset against taxable profits for the following five years in order to calculate the amount of income tax payable on the difference, after the offset.

The total change in deferred income tax (liabilities) is as follows:

	31.12.2020	31.12.2019
Opening balance	**(3.279.560)**	**(2.769.308)**
Debit/(credit) to profit and loss account	(167.497)	(513.198)
Debit/(credit) directly to other comprehensive income	(88.042)	2.946
Balance at the end of the financial year	**(3.535.100)**	**(3.279.561)**

The balances and changes in deferred tax assets and liabilities during the financial year, excluding the offsetting of balances, are as follows:

Deferred tax assets:

	Valuation of inventories	Government grants	Provision for workers' compensation	Tax losses	Investment in real estate	Multiannual depreciation expenses	Bad debts IFRS 9	Pre-views	Operating leases	Transitional accounts	Total
Balance 1 January 2019	41.220	212.701	179.531	603.000	6.750	1.091	49.220	45.537	-	4.968	1.144.017
Debit/(credit) to the profit and loss account	(13.046)	(31.559)	(16.135)	(466.696)	1.990	(711)	(1.121)	(45.537)	958	(4.968)	(576.825)
Debit/(credit) to other comprehensive income	-	-	26.924	-	(270)	-	(2.130)	-	-	-	24.524
Balance 31 December 2019	**28.174**	**181.142**	**190.320**	**136.304**	**8.470**	**380**	**45.968**	**-**	**958**	**-**	**591.716**
Balance at 1 January 2020	**28.174**	**181.142**	**190.320**	**136.304**	**8.470**	**380**	**45.968**	**-**	**958**	**-**	**591.716**
Debit/(credit) to the profit and loss account	156	(21.110)	117.205	(136.304)	-	(370)	11.510	**-**	**552**	-	(28.359)
Debit/(credit) to other comprehensive income	-	-	(88.042)	-	-	-	-	-	-	-	(88.042)
Balance at 31 December 2020	**28.330**	**160.032**	**219.483**	**(0)**	**8.470**	**11**	**57.479**	**-**	**1.510**	**-**	**475.314**

Deferred tax liabilities:

	Own-use properties	Tangible fixed assets	Tangible fixed assets (leased)	Total
Balance 1 January 2019	**923.294**	**2.931.326**	**58.705**	**3.913.325**
Debit/(credit) to the profit and loss account	6.413	(89.761)	19.721	**(63.627)**
Debit/(credit) to other comprehensive income	21.578	-	-	21.578
Debit/(credit) to other comprehensive income	**951.285**	**2.841.565**	**78.426**	**3.871.276**
Balance at 1 January 2020	**951.285**	**2.841.565**	**78.426**	**3.871.276**
Debit/(credit) to the profit and loss account	49.895	167.669	(78.426)	139.138
Debit/(credit) to other comprehensive income	-	-	-	-
Balance at 31 December 2020	**1.001.180**	**3.009.234**	**-**	**4.010.414**

Deferred tax	**2020**	**2019**
Balance of tax receivables	475.314	591.716
Balance of tax liabilities	(4.010.414)	(3.871.276)
Net balance	**(3.535.100)**	**(3.279.561)**

6.13. Provisions for employee benefits

The plan in force is the contractual obligation to provide benefits in the form of a lump sum in the event of retirement, depending on the length of service, based on the current legislation (Law 2112/20, as amended and in force until Law 4093/The company's obligation to the persons it employs, for the future payment of benefits, is measured and reflected on the basis of the accrued right expected to be paid by each employee at the balance sheet date, discounted to its present value, in relation to the expected time of payment. The above liability has been calculated by certified actuaries at the end of the financial year as follows:

Balance sheet as at 31 December	**2020**	**2019**
Present value of unfunded liabilities	914.507	792.994
Unrecognised actuarial gains / (losses)	-	-
Net liability recognised in the balance sheet	**914.507**	**792.994**

Statement of results	**2020**	**2019**
Current employment costs	54.523	40.704
Interest on the obligation	6.857	11.323
Recognition of past service cost due to modifications	-	-
Normal expenditure in the profit and loss account	**61.380**	**52.027**
Cost of curtailments/settlements/termination of service	141.177	65.552
Total expense in the profit and loss account	**202.557**	**117.579**

Changes in the net liability recognised in the balance sheet	**2020**	**2019**
Net liability at the beginning of the year	792.994	712.120
Total expenditure recognised in the profit and loss account	202.557	117.579
Actuarial (gains)/losses	115.845	105.312
Benefits paid by the employer	(196.889)	(142.017)
Net liability at the end of the year	**914.507**	**792.994**

Balance sheet	**31-Dec-20**	**31-Dec-19**
Present value of the liability at the beginning of the period	792.994	712.120
Current employment costs	54.523	40.704
Interest cost	6.857	11.323
Costs of Curtailment / Settlement / Termination of Employment Effect	141.177	65.552
Less compensation paid	(196.889)	(142.017)
Actuarial loss / (gain)	115.845	105.312
Present value of the liability at the end of the period	**914.507**	**792.994**

The main actuarial assumptions used are as follows:

	31.12.2020	31.12.2019
1. Increase in annual salary taken into account for the compensation of Law 2112/20	2,00%	2,00%
2. Discount rate	0,43%	0,95%
3. Average annual long-term inflation growth rate	1,50%	1,50%
4. Amount of compensation	Application of the legislative provisions of Law 2112/20 Law 3198/55 and 4093/2012, for the provision of a lump sum based on a percentage of the applicable scale.	
5. Actuarial valuation method	The Projected Unit Credit Method was used.	

6.14. Provisions

	GROUP		COMPANY	
	1.1 - 31.12.2020	**1.1 - 31.12.2019**	**1.1 - 31.12.2020**	**1.1 - 31.12.2019**
Long-term provisions	760.643	175.142	760.643	175.142
Short-term provisions	-	-	-	-
	760.643	**175.142**	**760.643**	**175.142**

The majority of these provisions relate to a litigated case for which notification of the decision is expected, estimated termination costs with a domestic client and finally an out-of-court settlement with former employees.

6.15. Asset grants

These grants are recognised as income along with the depreciation of the assets - mainly machinery - that were subsidised.

Government grants recognised in liabilities as deferred income relate to:

(a) Investments made during the period from 1999 to 2006 and subsidised under Law 2601/1998.

(b) Grant for an investment programme under Law 3299/2004, concerning investments made during the period from 2008 to 2012.

By the decision of the Deputy Minister of Development & Tourism of the Ministry of Development & Tourism of the Republic of Greece, No 77887/24.12.2014 Competitiveness, the final disbursement of the grant amount of the investment programme of Law 3299/2004, concerning investments made during the period from 2008 to 2012, was approved. The final disbursement took place on $3^{η}$ September 2015.

(c) With the decision of the Development Management Authority of Central Greece and Thessaly with protocol number 962/31.03.2016, the final disbursement of the grant of the investment programme

"EXTRACTION - COMPETITIVENESS OF BUSINESSES II" was approved, concerning investments made during the period from 2013 to 2014. The grant amounted to 48.970 € and was received in the financial year 2016.

(d) With the decision of the Development Management Authority of Central Greece and Thessaly with protocol number 3355/22.11.2016, the final disbursement of the grant of the investment programme "ENICHYSI M.M.E. OPERATING IN THE MANUFACTURING-TOURISM-COMMERCE & MANUFACTURING-TOURISM-COMMERCIAL SECTORS SERVICES' concerning investments carried out in the period from 2013 to 2015. The grant amounted to €37,438.80 and was received in the 2017 financial year.

(e) During the first half of 2020, the company was approved to be included in the subsidized investment program "Digital Jump" amounting to 100,000 euros, of which €78,314 is a subsidy for investment goods and €21,686 is a subsidy for expenses. The company received an advance payment of €40,000 in 2020.

The movement within the fiscal years 2020 and 2019 of the grants account to be recognized as revenue in future years was as follows:

	Group and Company
Balance 1.1.2019	**1.618.873**
Receipt of grant	-
Revenue recognised in the year	(125.339)
Balance 31.12.2019	**1.493.534**
Balance at 1 January 2020	**1.493.534**
Receipt of a grant	78.314
Revenue recognised in the year	(186.159)
Balance 31.12.2020	**1.385.689**
Long-term balance of grants	1.241.220
Short-term balance of grants	144.469
Balance	**1.385.689**

6.16. Suppliers and other liabilities

Trade and other payables are analysed as follows:

	GROUP		COMPANY	
	31.12.2020	*31.12.2019*	*31.12.2020*	*31.12.2019*
Suppliers (open balances)	7.992.122	5.342.069	7.992.122	5.282.709
Suppliers (Cheques payable)	-	64.155	-	64.155
Total Suppliers	**7.992.122**	**5.406.224**	**7.992.122**	**5.346.863**
Various creditors	362.158	321.221	361.837	304.358
Tax-tax liabilities	341.584	267.782	341.584	267.782
Insurance funds	220.912	200.563	220.912	200.563
Customer credit balances	276.199	71.140	276.199	71.140
Transitional liability accounts	442.798	240.373	442.798	240.373
Total Other liabilities	**1.643.652**	**1.101.079**	**1.643.330**	**1.084.216**
Total suppliers and other liabilities	**9.635.774**	**6.507.303**	**9.635.453**	**6.431.080**

6.17. Sales

The turnover (sales) is analysed as follows:

	GROUP		COMPANY	
	1.1 - 31.12.2020	**1.1 - 31.12.2019**	**1.1 - 31.12.2020**	**1.1 - 31.12.2019**
Sales of goods	153.686	471.773	110.441	487.134
Product sales	40.571.941	30.091.569	40.571.941	30.091.569
Sales of other inventories	116.312	103.785	116.312	103.785
Total	**40.841.939**	**30.667.128**	**40.798.694**	**30.682.488**

6.18. Cost of sales

The cost of sales is broken down as follows:

	GROUP		COMPANY	
	1.1 - 31.12.2020	**1.1 - 31.12.2019**	**1.1 - 31.12.2020**	**1.1 - 31.12.2019**
Cost of goods	82.980	230.781	69.745	253.521
Cost of products	27.693.820	21.626.313	27.693.820	21.626.313
Total	**27.776.800**	**21.857.094**	**27.763.564**	**21.879.833**

6.19. Other Operating Income

Other revenues for fiscal 2020 and 2019 are detailed below:

	GROUP		COMPANY	
	2020	2019	2020	2019
Costs to be recovered	342.651	299.334	342.651	299.593
Revenue from Previous Uses	2.648	2.009	2.648	2.009
Gains on sale of assets	2.014	45	2.014	45
Revenue from the amortisation of subsidies	227.198	125.339	227.198	125.339
Other	122.702	23.406	111.541	23.406
	697.213	**450.133**	**686.051**	**450.392**

6.20. Other Operating Expenses

Other Operating expenses for the years 2020 and 2019 are detailed below:

	GROUP		COMPANY	
	2020	2019	2020	2019
Exchange rate differences Expenses	18.748	3.715	18.748	3.715
Expenses of previous years	15.883	28.130	15.883	28.130
Provision for doubtful debts	47.960	125.605	47.960	125.605
Losses from destruction of inventories	259.164	222.810	259.164	222.810
Provision for litigation and future liabilities (*)	594.858	-	594.858	-
Provision for impairment of inventories	19.000	-	19.000	-
Impairment of investments in real estate	-	8.293	-	8.293
Other extraordinary expenses	34.267	23.209	33.760	11.351
	989.880	**411.762**	**989.373**	**399.904**

(*) The majority of these provisions relate to a litigated case for which notification of the decision is expected, estimated costs of termination of a domestic client and finally an out-of-court settlement with former employees.

6.21. Expenses per item

The expenses for the fiscal years 2020 and 2019, which are allocated in the statement of comprehensive income to cost of sales, selling expenses, selling expenses, administrative expenses and research and development expenses, are broken down by type as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
Purchases and changes in inventories	20.142.763	16.396.360	20.129.528	16.419.100
Staff remuneration & expenses	5.682.854	5.042.850	5.662.597	5.008.282
Third party fees & expenses	1.976.886	1.503.028	1.957.562	1.480.181
Third party benefits	1.969.537	1.592.394	1.968.875	1.588.243
Taxes - fees	554.738	194.243	554.455	192.106
Miscellaneous expenses	2.344.368	2.024.911	2.340.109	2.024.924
Depreciation	1.919.126	1.392.624	1.919.126	1.392.624
Operating forecasts	195.700	106.256	195.700	106.256
	34.785.972	**28.252.666**	**34.727.952**	**28.211.716**

For the year ended 31 December 2020, the Company's expenses analysed above include fees other than regular and tax audit fees of €1,500 thousand for the provision of other services.

6.22. Financial costs - net

The net financial costs for the financial years 2020 and 2019 include:

	GROUP		COMPANY	
	1.1-31.12.2020	**1.1-31.12.2019**	**1.1-31.12.2020**	**1.1-31.12.2019**
Interest income	(64)	(332)	(64)	(236)
Interest - expenses on bank loans	326.395	322.228	326.395	322.228
Interest on financial leasing	51.504	77.961	51.504	77.961
Assignment of receivables *	122.986	125.070	122.986	125.070
Other bank charges	55.580	72.743	54.721	72.743
Net financial expenses	**556.401**	**597.671**	**555.542**	**597.766**

(*) Refers to charges for the assignment of customer receivables (without risk transfer) to trade receivables agencies.

The average cost of bank borrowings (interest and expenses on bank loans and leases / average monthly bank borrowings) was 3.7% in fiscal 2020 and 4.1% in fiscal 2019.

6.23. Income tax

The company's tax returns have either been examined by the tax authorities, or have been audited in accordance with Article 82 par. 5 of Law 2238/1994 as amended and in force with article 65a of Law 4174/2013 and the company has received tax compliance reports from an Independent Certified Public Accountant with an "unqualified" conclusion.

It is also noted that for the financial year 2020 the tax audit of the company by independent chartered accountants is in progress.

Management believes that there is no need to make a provision in its Financial Statements to cover any differences arising from tax audits.

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit before tax	5.206.899	1.855.162	5.211.878	1.923.495
Tax rate	24,00%	24,00%	24,00%	24,00%
Income tax (based on the applicable tax rate)	1.249.656	445.239	1.250.851	461.639
Actual Tax (Tax Base)	-	347.000	-	347.000
Decrease in current tax due to offsetting of tax losses of previous years	-	(347.000)	-	(347.000)
Loss of a subsidiary for which no deferred income tax was recognised.	1.195	16.400	-	-
Adjustment of the estimate for losses from prior periods for which a tax asset is recognised	134.869	391.696	134.869	391.696
Adjustment (reduction) of deferred taxes due to change of tax rates for the following years.	-	(82.759)	-	(82.759)
Tax on deferred income tax	-	(262.584)		(262.584)
	1.385.720	507.992	1.385.720	507.992
Tax reported in the Income Statement	**1.385.720**	**507.992**	**1.385.720**	**507.992**

6.24. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

By the decision of the Extraordinary General Meeting of Shareholders of 23.12.2020, it was decided to increase the share capital of the Company by 965,349.36€ to 14,529,290.76€, by capitalizing tax-free reserves of development laws and issuing 1,787,684 new common nominal voting shares with a nominal value of 0.54€ each. The Corporate Transactions Committee of the Stock Exchange at its meeting on 12.01.2021 approved the admission of the above new shares to trading on the Exchange. The cut-off date for the right to participate in the share capital increase with capitalisation of reserves was set as 14.01.2021. The commencement of trading of the 1,787,684 new shares on the Athens Exchange was set on 20.01.2021.

The weighted average number of ordinary shares outstanding during the accounting period ended 31.12.2020 was 25,118,410 with no change compared to 31.12.2019.

	GROUP		COMPANY	
	01.01-31.12.2020	01.01-31.12.2019	01.01-31.12.2020	01.01-31.12.2019
Earnings	3.823.669	1.381.336	3.826.159	1.415.503
Weighted average number of shares	25.118.410	25.118.410	25.118.410	25.118.410
Basic earnings per share	0,1522	0,055	0,1523	0,0564

6.25. Remuneration and expenses to employees

The number of employees and their costs that burdened the results, in fiscal years 2020 and 2019, were:

	GROUP		COMPANY	
	01.01.- 31.12.2020	**01.01.- 31.12.2019**	**01.01.- 31.12.2020**	**01.01.- 31.12.2019**
Average number of people	149	138	149	137
Persons at the end of the period	155	142	155	141
Regular Remuneration	5.361.052	4.890.130	5.340.795	4.855.562
Fringe benefits & staff costs	321.802	152.720	321.802	152.720
Total cost	**5.682.854**	**5.042.850**	**5.662.597**	**5.008.282**

6.26. Depreciation

The depreciation of property, plant and equipment and intangible assets in fiscal years 2020 and 2019, discussed in notes 6.1 and 6.3, as well as the depreciation of grants discussed in note 6.16, are summarized as follows:

	GROUP		COMPANY	
	01.01.- 31.12.2020	**01.01.- 31.12.2019**	**01.01.- 31.12.2020**	**01.01.- 31.12.2019**
Depreciation of fixed assets	1.732.968	1.392.616	1.732.968	1.392.616
Amortisation of grants	186.159	125.339	186.159	125.339

6.27. Contingent liabilities , assets and commitments

A) Pending court cases:

- The Company has brought an appeal against the decision of the Head of the Greek National Organisation for Animal Health (EOF) No. 56960/2009, by which the amount of EUR 204,928.97 was imposed on the Company as outstanding contributions and differences in contributions of 1% (on sales of cosmetic products pursuant to article 11 par. 1(g) of Law 1316/1983), EUR 408,833.99 as interest on arrears (pursuant to Article 11(5) of Law 1316/1983) and EUR 81,971.57 as fines (pursuant to Article 11(3a) of Law 1316/1983), i.e. a total amount of EUR 695,734.53 in the Action brought on 27.10.2009 under the general number 41240/2009 before the Athens Administrative Court of First Instance. The appeal with general number 41240/2009 before the Administrative Court of First Instance of Athens was heard on 29.09.2016 (adjourned from 09.06.2016), and the decision of the 19th Chamber, No. 5492/2017, was issued, by which the case was referred to the Administrative Court of Appeal of Athens. The trial date of the case was initially set for 07.06.2018 before the 6th Chamber, when the case was heard. Further, the hearing of the case was rescheduled for 19.09.2019, due to a change of judge-arbitrator. Thereafter, the order A439/31-1-2020 was passed which again adjourned the hearing of the case to the hearing date of 4 June 2020. On this appeal, the order No. 504/2021 of the said court was passed, the operative part of which allowed the appeal of the company in part. The funds admitted in the Company's appeal as well as the full text of the said court decision has not been communicated to the Company.
- An action has been brought by a former employee of the company, who is seeking recognition of the invalidity of the termination of the employment contract. The Company's management's

assessment is based on the estimation of the lawyer handling the case is a positive outcome of the case and believes that the provision made in a previous year is sufficient.

- There are disputes of the Company against third parties. Any benefit arising will be recognised in the results of the Company when realised.

There are no other disputes in dispute or under arbitration.

B) Tax-exempt uses

For the financial years 2015 to 2019, the Company has received a Tax Compliance Report, in accordance with para. 5 of article 82 of Law 2238/1994 and article 65A paragraph 1 of Law 4174/2013, without any material differences. According to the circular POL. 1006/2016, companies that have been subject to the aforementioned special tax audit are not exempt from the regular audit by the competent tax authorities. For fiscal 2020, the tax audit by the Certified Public Accountants to obtain a Tax Compliance Report is in progress and the relevant tax certificate is expected to be issued after the publication of the fiscal 2020 Financial Statements. At the completion of the tax audit, management does not expect to incur any significant tax liabilities beyond those recorded and reflected in the financial statements.

6.28. Transactions with related parties

α) Intercompany transactions

The intercompany transactions are presented as follows:

	COMPANY	
	1.1-31.12.2020	**1.1-31.12.2019**
Revenue		
PAPOUTSANIS Sp. Z o.o.		46.562
Total		**46.562**
Expenses		
PAPOUTSANIS Sp. Z o.o.	24.265	
Total	**24.265**	

b) Intercompany balances

On 31.12.2019 the Subsidiary Company PAPOUTSANIS Sp. Z o.o. had a liability to the Parent Company in the amount of € 46.562,36 while on 31.12.2020 there was no open balance.

c) Transactions with key management personnel and members of the Management

	GROUP		COMPANY	
	1.1-31.12.2020	**1.1-31.12.2019**	**1.1-31.12.2020**	**1.1-31.12.2019**
Remuneration of executive members of the Board of Directors and managers (based on a special employment relationship)	673.699	922.226	673.699	922.226
Fees of a law firm controlled by a related party of an executive member of the Board of Directors.	44.445	37.000	44.445	37.000
Remuneration of non-executive members of the Board of Directors	41.400	38.400	41.400	38.400
	759.544	**997.626**	**759.544**	**997.626**

d) Claims and obligations with directors and management

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Liabilities to directors and senior management arising from assigned accounts	3.277	1.408	3.277	1.408
Liabilities to directors and members of the management (from remuneration)	147.200	50.051	147.200	50.051

ε) Balance with shareholders

The shareholder Tanaca Holdings Ltd, granted a loan to the Company in the amount of €1,228,000 during the financial year 2010. The balance of the loan as at 31 December 2019 amounted to €262,816 which was repaid in 2020.

Related party transactions are entered into on terms equivalent to those prevailing in purely commercial transactions.

6.29. Events after the Balance Sheet date

On 29.1.2021, the Company put into effect, in execution of the decision of the Extraordinary General Meeting of the Company's shareholders of 27.02.2020, a share allocation program through stock options (197,500 in total) for the benefit of certain executives.

Vathi Avlida, 19 March 2021

The Chairman of the Board of Director	The Chief Executive Officer
Georgios Gatzaros	**Menelaos Tassopoulos**
The Chief Financial Officer & Board Member	Head of Accounting
Mary Iskalatian	**Alexander Georgiades**