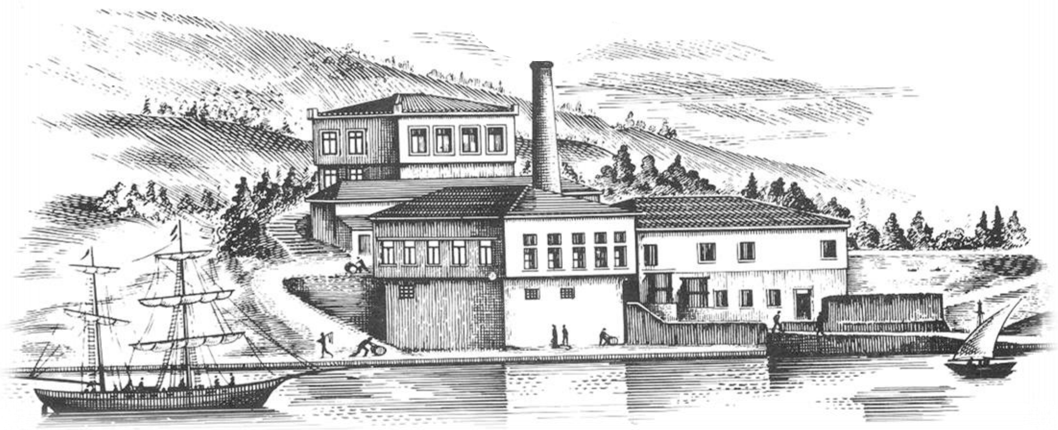
PAPOUTSANIS SA

CONDENSED ANNUAL FINANCIAL REPORT

for the Financial Year 2022

(1 January - 31 December 2022)



Consumer Goods Industrial and Commercial Societe Anonyme
General Commercial Registry Registration No 121914222000
71st Km Athens-Lamia National Road, Vathy, Avlida, Chalkida

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

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

1. The Annual Financial Statements for the business year 2022 (01.01.2022 - 31.12.2022), which were prepared according to the applicable accounting standards, give a true view of the assets and liabilities, net worth and profit and loss account of PAPOUTSANIS SA, as specified in Law 3556/2007.

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

Vathy, Avlida, 6 April 2023

THE CHAIRMAN OF THE BoD	THE MANAGING DIRECTOR	THE MEMBER OF THE BoD
GEORGIOS GKATZAROS	MENELAOS TASSOPOULOS	MARY ISKALATIAN

B. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY UNDER ARTICLE 150 AND 153 OF LAW 4548/2018 AND ARTICLE 4(6) AND 4(7) OF LAW 3556/2007

The Board of Directors of Papoutsanis SA (the Company) presents the Annual Management Report on the Annual Financial Statements for the financial year that ended on 31 December 2022, which was prepared in accordance with the relevant provisions of the applicable Law 4548/2018, of Law 3556/2007 and the executive decisions issued under its delegated authority by the Board of Directors of the Hellenic Capital Market Commission. This report constitutes a single report pursuant to Article 153(4) of Law 4548/2018.

The abovementioned Financial Statements were prepared in accordance with International Financial Reporting Standards.

1. Development and performance over the reporting period

2022 was a year of exceptional challenges where the Company's Management was called upon to manage ever-increasing cost pressures at all levels - materials, energy and transportation - while at the same time the purchasing power of consumers decreased. In this intensely inflationary environment, the need to increase sales prices had to be reconciled in order to cover the above costs with the simultaneous maintenance of the Company's competitiveness and the safeguarding of its development, increase of shares in the various markets in which it is active and improvement of its profitability in the short term but mainly in the medium/long term which is also the strategic objective. Thus, pressures on the cost side have been passed on to sales prices to a significant extent and not in their entirety, taking into account, in principle, the objective of maintaining and developing sales volumes and the increase in the penetration of our products in households, factors with a more permanent effect in the long term, but also the partly temporary nature of the intense inflationary pressures on the cost side.

In 2022, turnover amounted to EUR 70.8 million, corresponding to a 29% sales increase compared to 2021. Out of this increase approximately 14% came from sales volume development while the remaining 15% came from an increase in sales prices. Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) due to the abovementioned factors amounted to EUR 7.4 million compared to EUR 8.4 million in 2021, decreased by 12%. The Company's profitability (before taxes) amounted to EUR 3.9 million compared to EUR 6.1 million in the previous year, while profitability after taxes amounted to EUR 3.0 million compared to EUR 4.9 million in the previous year.

In the third quarter of the year, the Company proceeded with a 100% acquisition of "G Malikoutis Soap Commerce Crafts Societe Anonyme" and on 30th December 2022 the merger by its absorption was completed.

Under the European Union Recovery Fund in 2022 Papoutsanis secured a loan in the amount of €12 million from the European Bank for Reconstruction and Development. These funds will be channelled into the continuous upgrading of production and the reduction of energy consumption needs, investments that are expected to be completed in 2025.

At the same time, it will further support the multidimensional research and development programme of Papoutsanis, which focuses on sustainable innovation and minimising the industry's environmental footprint.

Turnover - Sales

In the year 2022, the Company's turnover amounted to EUR 70.8 million compared to EUR 54.8 million in 2021, showing an increase of 29%.
The value of exports for Papoutsanis amounted to EUR 46.4 million compared to EUR 34.0 million in 2021 and represents 66% of total turnover, showing a growth of 36%.

The significant growth in turnover can be attributed to the positive trajectory marked by all four product categories in which the Company is active. Specifically, hotel products achieved twice as many sales thanks to the relaunch of the tourism market in Greece and abroad, while sales of specialty soap bases also showed a significant boost. The growth rate in brand product sales and third party production in Greece and abroad was also positive. It should be mentioned here that about half of the above growth is attributed to an increase in sales volume while the rest is attributed to increases in sales prices in order to pass on to the extent possible the increase in the cost of raw materials and packaging materials but also of production mainly due to energy. The increases in sales prices relate to all categories, with greater importance going to third party production and specialty soap bases, where the respective contracts with customers frequently provide for automatic price adjustments at agreed time intervals depending on the development in the cost of materials.

Regarding the contribution of the four activity sectors to total figures, it should be noted that 18% of total revenue comes from sales of Papoutsanis brand products in Greece and abroad, 19% from sales in the hotel market, 43% from third party product production, and 20% from industrial sales of specialty soap bases.

Turnover by product category was as follows, compared to the previous financial year:

Brand Products: The category shows a total growth of 8% compared to 2021, despite the downward trajectory in the retail market and mainly the antiseptic market, whose value decreased by 39% in the period January - December 2022 compared to the same period of 2021. Sales of Papoutsanis brand products, excluding antiseptics, increased by 26% compared to 2021, a result due both to organic growth via new launches, investment in communication and extension of distribution, as well as the positive contribution to the period September-December of 2022 resulting from the acquisition of the ARKADI Soap Factory. Excluding ARKADI sales, growth in this category, other than antiseptics, amounts to 16% compared to 2021.

Hotel Products: A sales increase was noted by 98% compared to 2021. During the same period last year, this category was in very low levels due to the effects of the pandemic. In 2022, with the relaunch of the tourism market, the relevant sales increased significantly in Greece and abroad.

It is worth noting that sales of 2022 increased by 51% compared to 2019, thanks to the expansion of partnerships with already existing customers but also the forging of new ones.

Third Party Products (Industrial Sales, Private Label): Sales increase by 12% compared to 2021. This increase came from the further boosting of partnerships with multinational companies for the production of their products, development of customer base and ongoing expansion of the product range offered by Papoutsanis.

Industrial Sales of Soap Bases: An increase by 54% in 2022 was marked in this category, mainly relating to exports. The growth is due to the establishment of the Company as one of the foremost suppliers of specialty soap bases on the international market, the expansion of the customer base, the continuous boost of the variety of products offered, including syndets, but also the significant increase of sales prices to cover the increased costs of raw materials and production.

Gross Profit

The year 2022 was characterised by unprecedented inflationary pressures, which peaked in the last quarter, in terms of the cost of raw materials and packaging materials but also energy. With regard to raw materials and packaging materials, in the current period the Company faced a cost increase of approximately EUR 10 million, which was covered by approximately 80% through increases in sales prices.

In addition, the energy cost of the period, mainly regarding third party products, was not passed on to the sales prices, and therefore burdened the Company's profit and loss account (even after State aid) by approximately EUR 1.8 million. It is worth noting here that already from the beginning of 2023 a markup on sales prices due to energy cost has been agreed.

The above and despite the increase in turnover led to a gross profit for the Company in the financial year 2022 of EUR 17.3 million compared to EUR 17.8 million in the financial year 2021, showing a decrease of 3%. Similarly, the gross profit margin has been burdened as any pass-on to sales prices relates to part of the increased cost. The gross profit margin amounted to 24.4% compared to 32.5% in 2021, affected also by the significant inflation of raw materials compared to previous years especially in the case of industrial customers with open contracts providing for automatic price adjustment.

Operating Expenses

The Company's selling, administration, research and development expenses amounted to EUR 13.2 million in the financial year 2022 compared to EUR 11.4 million (in 2021), showing an increase of 16% due to variable turnover-related expenditure and high transport prices, mainly abroad.

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to EUR 7.4 million compared to EUR 8.4 million in 2021, decreased by 12%.

Earnings before interest, taxes, depreciation and amortisation of investment activity amounted to EUR 7.2 million compared to EUR 8.3 million in 2021, decreased by 13%.

Profit and Loss Account

The Company's earnings before taxes amounted to EUR 3.9 million, compared to earnings of EUR 6.1 million in 2021, while earnings after taxes amounted to EUR 3.0 million compared to earnings of EUR 4.9 million in 2021.

The earnings of the Company were burdened not only by the aforementioned charges on materials and energy, but also by the increased financial expenditure of EUR 0.35 million as a result of the increase in Euribor and bank borrowing, which increased due to the working capital needs necessitated by the increase in cost and due to the strong investment plan of the last three years, which was also completed. The investment plan also resulted in higher depreciation and amortisation of EUR 0.4 million compared to 2021.

In addition, the profit and loss account has been burdened by a non-recurring, extraordinary loss, as it arose after the issuance of the arbitration award regarding the termination of the partnership with the company Elgeka SA, which until the end of 2020 distributed the Company's brand products to large retail chains in Greece. The Company had already made relevant provisions for this in the previous fiscal years. The amount charged in the current period amounts to EUR 384 thousand with no other charges expected.

The profitability of the last quarter showed a particular burden due to a further increase in the prices of energy and raw materials as well as packaging materials. As mentioned previously, a significant part of the cost increase due to energy was passed on to sales prices from the beginning of 2023. Also in the last quarter, the base rate increased further, burdening the financial cost. Finally, the profit and loss account of the last quarter was burdened by a loss of approximately EUR 0.2 million from the consolidation of the profit and loss account of Papoutsanis in the company Malikoutis SA, which was absorbed at the end of 2022, mainly due to non-recurring expenditure.

Operating Flows

Operating flows were positive and amounted to EUR 6.5 million, compared to EUR 8.9 million in 2021, showing a decrease of 27% as a result of the decrease in earnings before taxes.

Borrowing

Net borrowing (bank loans less cash resources) amounted to EUR 18.1 million (compared to EUR 10.3 million in 2021), which accounts for 26% of the Company's turnover (compared to 19% in 2021) and 22% of its total assets. The ratio of net bank borrowing to earnings before interest and taxes (adjusted EBITDA) amounted to 2.5. It should be noted that in December 2022, EUR 4.8 million of the EUR 12 million loan secured by Papoutsanis from the European Bank for Reconstruction and Development under the European Union Recovery Fund were disbursed, leading in turn to high cash resources as at 31.12.2022.

Fixed Equipment
The undepreciated value of fixed equipment (tangible and intangible own-use fixed assets) amounted as at 31.12.2022 to EUR 49.3 million compared to EUR 39.8 million in 2021.

Financial Structure
The ratio of total liabilities to own equity amounted to 2.1 as at 31.12.2022, compared to 1.5 as at 31.12.2021.

Working Capital-Liquidity
Working capital (current assets less short-term liabilities) as at 31.12.2022 amounts to EUR 4.3 million, compared to EUR 3.3 million as at 31.12.2021.

Alternative Performance Measurement Indicators (APMIs)
The Company uses Alternative Performance Measurement Indicators ("APMIs") in the context of decision-making on its financial, operational and strategic planning, as well as for the evaluation and publication of its performance. These APMIs serve to provide a better understanding of the Company's financial and operating results, its financial position as well as cash flow statement. The alternative indicators (APMIs) should always be considered in conjunction with the financial results prepared in accordance with IFRS and under no circumstances replace them.

	2022	2021
Overall Liquidity		
(Current Assets / Short-Term Liabilities) x 100	116%	116%
The indicator illustrates the coverage percentage of short-term liabilities by total current assets.		
Inventories Turnover Rate		
(Inventories / Sales Cost) x 365 days	66	71
The indicator illustrates the average number of days that inventories are held in the Company.		
Commercial Receivables Collection Rate		
(Commercial Receivables / Sales) x 365 days	33	50
The indicator illustrates the average number of days that the Receivables of the business are collected.		
Short-Term Commercial Liabilities Payment Rate		
(Suppliers / Sales Cost) x 365 days	110	122
The indicator illustrates the average number of days in which the Company's commercial short-term liabilities are repaid.		
Gross Profit Margin		
(Gross Earnings / Sales) x 100	24.4%	32.5%
The indicator illustrates the gross profit as a percentage of sales.		

Net Profit Margin (Net Earnings / Sales) x 100	4.2%	9.0%
The indicator illustrates the net earnings after taxes, as a percentage of sales.		
Equity Charge (Foreign Equity / Own Equity) x 100	209%	152%
The indicator illustrates the amount of Liabilities (Short-Term and Long-Term) as a percentage of own equity.		
Net Borrowing Long-Term Loans + Short-Term Loans - Cash Resources and Cash Equivalents	18,057,884	10,310,948

2. Other important information for the financial year that ended on 31st December 2022

Company Real Estate

The change in the Company's real estate relates to the purchase of two agricultural parcels adjacent to the facilities in Ritsona of a total area of 1,310 sq m and the acquisition of real estate through the absorption of the 100% subsidiary of G Malikoutis SMSA. The overall picture of the real estate is presented in the following table:

ADDRESS	AREA (in sq m)	USE
Agricultural parcel in Ritsona, Evia (on which the factory is located)	36,476	Own-Use
Agricultural parcel in Ritsona, Evia	4,888	Own-Use
Agricultural parcel in Ritsona, Evia	2,920	Own-Use
Agricultural parcel in Ritsona, Evia	2,898	Own-Use
Agricultural parcel in Ritsona, Evia	868	Own-Use
Agricultural parcel in Ritsona, Evia	8,406	Own-Use
Main facilities in Ritsona, Evia	12,543	Own-Use
Facilities in Ritsona, Evia	3,046	Own-Use
Farm in the Evia Prefecture	141,692	Investments in real estate held for capital reinforcement
Agricultural parcel in Ritsona, Evia	2,416	Own-Use
Agricultural parcel in Ritsona, Evia	4,023	Own-Use
Agricultural parcel in Ritsona, Evia (2022 addition)	1,019	Own-Use
Agricultural parcel in Ritsona, Evia (2022 addition)	291	Own-Use
Plot in Aspropyrgos, Attica (2022 addition through absorption of subsidiary)	13,663	Own-Use
Facilities in Aspropyrgos, Attica (2022 addition through absorption of subsidiary)	2,135	Own-Use
Apartments in the Athens Municipality (2022 addition through absorption of subsidiary)	69	Own-Use

As part of its investment plan, the Company implemented in 2022 the extension and automation of its storage premises at its facilities in Ritsona covering a total area of 2,399.75 sq m.

In respect of the real estate acquired by the Company through the absorption of the 100% subsidiary Malikoutis SMSA, there are charges in rem to secure bank loans, which loans were repaid in January 2023. The Company is in the process of discharging these mortgage prenotations.

There are no securities in rem on the remaining real estate.

Activities in the Research and Development Sector

The Company's Research and Development Department is a driver in the development of the Company's activity. To this end, the Company is systematically investing in equipment, integrating qualified employees 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 a great emphasis on sustainability as expressed through the use of natural raw materials, the development of corresponding natural formulations, the vertically-integrated production of the required packaging materials (bottles and closures) using, to the extent possible, recycled and recyclable raw materials and finally the obtaining of the pertinent certifications. These products, as they respond to current and/or anticipated consumer trends, are available to the company for its brand products but also to third party customers for the development of their own.

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

Branches

The company has no branches.

3. Risks and Uncertainties

Macroeconomic Environment

As early as 2022 and more intensely in the second half of the year, the macroeconomic environment is characterised by intense inflationary pressures, turbulence in energy markets and continuous increases in base rates by central banks worldwide, burdening product cost, operating expenditure, borrowing cost and reducing purchasing power. These trends have adversely affected the Company's profitability.

The Company's Management is closely monitoring these developments in order to take the necessary steps to address them.

Russian invasion of Ukraine

The Company has no activity in Ukraine and Russia. The geopolitical uncertainty resulting from the continuation of the war between the two countries is having a particular impact on markets worldwide, mainly affecting energy prices, causing disruptions in the supply chain but also intensifying inflation and uncertainty on a global level.

Price Change Risk

The basic raw materials used in production are vegetable oils, their chemical derivatives and animal fat. In the production of packaging articles various types of plastics are used.

As early as 2021 and more intensely in 2022, due to inflationary pressures, the prices of raw materials are at particularly high levels.

These appreciations carry the risk of a negative impact on the Company's profitability margins.

The Company addresses these risks through:

- passing on, to the extent possible, the corresponding increases to the end products;
- an organised programme to reduce production cost and distribution cost supported by the completion of the greater part of the related investments underway;
- and finally, in partnership with its customers and supported by the Research and Development Department, redesigning, where feasible, the various products produced in order to reduce their cost.

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

In order to hedge this risk, no derivatives are used, but when the Company considers it to be in its interest, it enters into more long-term agreements for the supply of part of the basic raw materials.

Credit Risk

Credit risk mainly comes from receivables from customers. In order 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. In the year 2022, no doubtful receivables were incurred.

Interest Rate Risk and Currency Risk

The financial cost of all of the Company's bank borrowing is variable based on Euribor. Bank borrowing takes place exclusively in euros.

As early as 2022, central banks have increased interest rates, and as a result, the Company's profit and loss account is burdened with additional borrowing cost. The Company has entered into a partial hedge against the risk of an increase in Euribor.

The table below shows the sensitivity of the profit and loss account for the financial year as well as own equity to a change in the interest rate by 0.5%.

	2022	**2021**

Sensitivity of the Profit and Loss Account	115,000	77,000

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

Liquidity Risk - Cash Flow Risk

The management of liquidity risk includes ensuring that sufficient cash resources and cash equivalents are available, as well as ensuring creditworthiness through the availability of sufficient credit limits from partner banks.

According to the current financial statements, the Company shows a positive working capital, positive cash flows from operating activities and therefore has no significant liquidity risk. In addition, in the last quarter of 2022, under the European Union Recovery Fund in 2022, Papoutsanis secured a loan in the amount of €12 million from the European Bank for Reconstruction and Development to finance the Company's investments and research and development expenses for the next 3 years. It should be noted that in December 2022 EUR 4.8 million of the EUR 12 million loan were disbursed, leading in turn to high cash resources as at 31.12.2022. Liquidity needs are monitored by the Company on a daily and weekly basis, as well as over a rolling 6-month period.

Activity Non-Continuation Risk

Management is responsible for assessing the Company's ability to continue its activity, communicating, where applicable, the matters relating to ongoing activity. Based on the assessment made, no events, or circumstances or relevant business risks have arisen that could cast serious doubt on the Company's ability to continue its activity in the next financial year.

4. Significant events that occurred between the end of the financial year and the preparation of the Report

There are no significant events that occurred after the end of the financial year.

5. Objectives and Prospects - Projected Trajectory

In 2022 as well Papoutsanis achieved a strong double-digit turnover growth coming from both volume development and sales prices increase, setting a higher starting point for the year 2023.

Regarding market conditions and relevant trends, the uncertainty in the macroeconomic environment remains, without it being possible to assess the evolution of the significant factors affecting the Company's figures - prices of materials, energy, inflation, interest rates, the ongoing war in Ukraine, etc.

In any case, during the first quarter of 2023 a significant part of the materials used by the Company for the production of its products has marked a decrease in prices and it is expected to be determined whether their downward trajectory will continue. Equally, energy prices (electricity and natural gas), while remaining at higher levels than those of the pre-pandemic era, are clearly improved compared to the high levels of 2022.

A reverse trajectory is demonstrated by the financial cost due to the continuous increases of Euribor.

The combination of the above works positively on the Company's profitability and therefore, provided that the above trends remain, an improvement in profitability is expected in 2023.

For the year 2023, the Company aims to continue its growth in all four sectors in which it is active:

- The Papoutsanis brand products pillar constitutes a strategic priority and is expected to be significantly boosted in 2023, through the enrichment of the product range, dynamic advertising support and boosting our in-store presence, as well as by also our entering into new categories using ARKADI as the main vehicle.
- The hotel products sector is expected to be a main growth axis for Papoutsanis, as the forecasts for tourism are very optimistic, both in Greece and abroad. At the same time, we continue to dynamically build on our long-term existing partnerships with our strategic customers, while strong foundations have been laid as well for the development of exports of our brand hotel products to a number of new markets.
- Finally, third party production and specialty soap bases categories are expected to continue to grow mainly through the expansion of the customer base but also through the development of syndets.

At the same time, in 2022 Papoutsanis completed the strong investment plan of the last three years amounting to approximately EUR 25 million, with the aim of productivity increase, production of new innovative products and expansion of storage facilities, actions that will contribute to the reduction of operating cost. With the end of this very important investment cycle, investments for 2023 are envisaged to remain at significantly lower levels. In 2023, the Company is focusing on further cost reduction and resource saving through the full exploitation of the latest investments in the factory and warehouses and optimisation of internal operations.

6. Transactions with related parties

a) Intercompany transactions

There are no intercompany transactions.

b) Intercompany balances

There are no intercompany balances.

c) Transactions with key executive directors and Management members

	01.01-31.12.2022	01.01-31.12.2021
Executive members of the BoD and executive directors fees (on the basis of a special employment relationship)	595,785	671,497
Non-executive members of the BoD fees	55,936	44,963
	651,721	**716,460**

d) Receivables and liabilities with executive directors and Management members

	31.12.2022	31.12.2021
Receivables from executive directors and management members resultant after rendering of accounts	242	-
Liabilities from executive directors and management members resultant after rendering of accounts	-	354
Liabilities to executive directors and management members (from fees)	64,126	70,562

e) Balance retained by shareholders

There is no balance retained by shareholders.

7. Description of the policies applied by the Company relating to the environment, corporate social responsibility and employment.

7.1 Environmental issues
Company's actual and potential impact on the environment

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

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

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

Responsible operation

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

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

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

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

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

With that in mind, our Company:

- Has modernised its equipment.
- Notes that 96% of the electricity consumed comes from Renewable Energy Sources.
- Uses recycled materials in the packaging of end products.
- Takes measures to prevent any kind of environmental pollution.
- Has put a recycling programme in place together with licensed solid waste management companies.
- Follows a waste sorting process throughout the production process.
- Complies with standards relating to environmental factors set by the applicable legal framework and subcontracts the conducting of analyses to accredited laboratories.
- Has a liquid waste treatment facility.

Moreover, the Papoutsanis Company is bound as well by the Code of Conduct and Business Ethics to reduce the environmental footprint from the operations and business activities of the Company. Through initiatives and the continuous improvement in environmental management issues, the Company contributes to the protection of the environment and quality of life in the surrounding areas where it sets up its facilities. It is also committed to fully comply with all applicable environmental legislation, including obtaining and retaining all licenses and approvals required for its business activity, correct handling, storage and disposal of materials in accordance with

pertinent legislation, as well as submitting in a timely and accurate manner the requested reports to the competent state agencies.
As part of the materiality analysis carried out by the Company in 2021, the following environmental issues stood out as vital sustainable development issues:

Energy and greenhouse emissions

The Company uses practices through which it aims to contribute to the reduction of its environmental footprint. Working toward that goal, it implements actions to save energy.

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

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

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

Water resources management

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

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

To overcome this, the factory has an installed reverse osmosis unit to treat the water it uses for production. To save water, another reverse osmosis unit was added, which uses wastewater from the first unit to produce water for the boiler room.
In addition, having understood the importance of effective water management and consumption reduction, we have automated the production operation of cosmetic bases for better productivity

and water and material management. By the same token, we have installed in our production an automated Clean-in-Place (CIP) cleaning system, in order to reduce water consumption.

Raw materials and packaging materials

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

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

Raw material certifications

Soap production requires a large quantity of various oils, therefore, the Company is a member of, and holds a certification from, RSPO (Roundtable on Sustainable Palm Oil). The RSPO is a global initiative made up of interested parties in the palm oil value chain and furthers the palm oil’s environmental and social sustainability. The Company is also a member of the GreenPalm programme which is part of the same initiative.

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

Packaging materials

The Company monitors developments in the field of packaging materials with recycled materials and is a pioneer in the testing and implementation of such environmentally friendly packaging materials. For instance, the Company is supplied with cartons made from recycled packaging materials to store products sent to its customers.
Regarding raw materials for the production of product packaging, materials used are made from recycled and recyclable PET (Polyethylene terephthalate), PE (Polyethylene) and PP (Polypropylene), while no PVC (Polyvinyl Chloride) is used at all.
This allows us to reduce the production of new plastic while also recycling old plastic to new. Moreover, product packaging is a key component of the Company's marketing strategy, as it

provides the necessary information about the products and their quality. Packaging also ensures proper protection of products during transport and storage.

Selection procedure and criteria for suppliers of raw materials and packaging materials

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

Solid waste and packaging waste

Papoutsanis is firmly committed to limiting and reducing the Company's environmental footprint, as well as fully complying with applicable legislation on waste management, storage, transportation, recycling and disposal.

Acknowledging that the environment and human health could be harmed from the non-responsible management of solid waste generated from the Company's activity, Papoutsanis applies a waste sorting process for all waste generated by its offices and production process and subcontracts its collection and processing to licensed companies. Our Company's partners in waste management issues (collection, transport, recovery, disposal) hold all the necessary licenses and follow sound management practices, as stipulated by relevant legislation.

Our product packaging is properly designed to maintain product quality and reduce our environmental footprint. Packaging design is based on reducing the plastic used, without however compromising the safety and quality of our products. In terms of packaging waste, the plastics production department reuses and recycles wasted raw material coming out of the soap crusher machine, thus reducing waste production and helping to conserve natural resources.

7.2 Labour Matters

Respecting employee rights

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

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

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

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

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

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

Employee employment, training and development

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

- New employee induction plan.
- Interview, hire and laying off processes.
- Evaluation process, held once a year.
- Training and personal development process.
- Process for supplying the personnel with Company products.

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

Once candidate screening has been completed, an interview process follows which has three stages. Each candidate is selected based on merit and is treated equally with transparency.

Candidates are evaluated using predefined objective criteria, on the basis of merit, and evaluation standards.

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

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

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

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

- Private insurance scheme.
- Daily meal and natural juice to every employee.
- Special allowances.
- Staff transportation.
- Gifts for children of employees / Christmas party.
- Awards to children of employees for their successful admission in Universities/Technological Educational Institutes.
- Free distribution of products to the entire staff.

Health and safety at work

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

Company employees and subcontractors ought to respect and comply with the policies and health and safety standards set by the Company. These include not only obligations arising from the law but also best practices of the industry to which the Company belongs, so as to safeguard a healthy and safe working environment caring both for customers and visitors to its facilities. Indicatively, some of these practices include:

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

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

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

The policy is evaluated and reviewed if necessary in regular intervals. To manage the health and safety of employees, our Company has a cooperation agreement with an external associate who ensures there is a Safety Technician and Occupational Doctor in place with responsibilities relating to preventive issues on personnel health and safety. The Company is SMETA certified.

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

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

(a) Share capital structure

The Company's share capital amounts to the sum of fourteen million six hundred thirty-three thousand two hundred forty euros and seventy-six cents (€ 14,633,240.76), divided into twenty-seven million ninety-eight thousand five hundred ninety-four (27,098,594) common registered shares with voting rights, of a nominal value of 0.54 euros each.

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

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

(b) Limitations to the transfer of Company shares

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

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

Shareholders (natural or legal persons) or controlling persons who, by their own admission, on 31.12.2022 hold, directly or indirectly, equal to or greater than 5% of the Company's total number of shares and respective voting rights, within the meaning of Articles 9 to 11 of Law 3556/2007, are listed in the following table:

Full Name or Corporate Name of Shareholder / Controlling Person	Corresponding shares (in units)	Percentage
Tassopoulos Menelaos	6,249,629	23.06%
Gkatzaros Georgios	6,211,717	22.92%
TRUAD VERWALTUNGS AG	5,726,302	21.13%
Koufopoulos Georgios	1,656,910	6.11%

At the aforementioned date no other natural or legal person holds more than 5% of the Company's share capital.

Mr Menelaos Tassopoulos holds in total 23.06% of the Company's voting rights, of which he directly owns 3.94% of the Issuer's shares with voting rights and, indirectly, 19.12% of the shares through his 100% owned company trading as SAPON.

Truad Verwaltungs AG in its capacity as trustee of a foreign private discretionary trust established for the primary benefit of present and future members of the family of the late Anastasios Georgios Leventis (the "Trust"), holds 5,726,302 voting rights (representing 21.13% of the total voting rights of the Company) through Torval Investment Corp, which controls Lavonos Ltd, which in turn controls Thrush Investment Holdings Ltd, which holds: (a) directly 5,407,065 voting rights representing 19.95% of the total voting rights of the Company and (b) indirectly, through Eagle Enterprises SA, 319,237 voting rights representing 1.18% of the total voting rights of the Company.

It is noted that Mr Georgios Koufopoulos is a controlling shareholder of "3K Investments Company SA". "3K Investments Company Societe Anonyme", in its capacity as parent company at a percentage of 100% of "3K Investment Partners MFMCSA", the managing company of the belowmentioned mutual funds, indirectly controls a total percentage of 6.11% of the voting rights of the Company (corresponding to 1,656,910 shares and voting rights) of the total number of voting rights of the Company, in its capacity as the parent company of "3K Investment Partners MFMCSA", the manager of the mutual funds "3K M/F Domestic Share Capital", "3K M/F Mixed Share Capital", "3K Greek Value Domestic Share Capital", "NN HELLAS Share Capital" and "3K M/F Regeneration (AIF)".

(d) Shareholders with special control rights

There are no Company shares that provide special control rights to their holders.

(e) Restrictions on voting rights - Time limits for exercising relevant rights

According to the Articles of Association, there are no restrictions on voting rights arising from Company shares.

(f) Shareholder Agreements for restrictions on transfer of shares or on exercise of voting rights

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

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

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

"ARTICLE 7th
Election and Replacement of Board of Directors member

[…]
3. *If one or more seats on the Board of Directors become(s) vacant for any reason:*

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

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

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

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

By application of the above provisions, on 29.01.2021, the Company's Board of Directors set up a stock option plan for executive directors who provide services to the Company on an ongoing basis, in the form of a stock option, having obtained the authorisation from the Extraordinary General Meeting of 27th.02.2020 and in accordance with the applicable regulatory framework. The duration of the stock option plan was set to two years, meaning that the options granted to the beneficiaries may be exercised up to and including June 2022, as specifically provided for in the plan. The number of stock options to be allocated as part of the plan may amount to two hundred fifty thousand (250,000) for the plan's entire term. The Company's share capital shall be adjusted accordingly in line with the options exercised by the beneficiaries by a decision of the Company's Board of Directors as stipulated by law and the terms of the stock option plan.

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

Under the above plan in June 2021 and June 2022, 98,750 and 93,750 stock options were exercised respectively by the beneficiaries of the above plan, thereby adjusting (increasing) the Company's share capital by €53,325 and €50,625 respectively. By its decisions dated 29.06.2021 and 23.06.2022 respectively, the Board of Directors confirmed that the Company's increased share capital had been paid up.

3. Moreover, pursuant to the provisions of Article 113(4) of Law 4548/2018, on 05.05.2021, the Ordinary General Meeting decided to authorise the Board of Directors to set up a stock option plan in the form of stock options under the terms stipulated by law that the Board of Directors deems appropriate, yet with the following restrictions:
a) the options to be allocated shall correspond to a maximum of 1% of the total shares of the Company;
b) the options to be allocated shall result from a share capital increase or from the purchase of Company shares.
By application of the above provisions, on 18.02.2022, the Company's Board of Directors set up a stock option plan for executive directors who provide services to the Company on an ongoing basis, in the form of a stock option, having obtained the authorisation from the Ordinary General Meeting of 05th.05.2021 and in accordance with the applicable regulatory framework. The duration of the stock option plan was set to two years, meaning that the options granted to the beneficiaries may be exercised up to and including June 2024, as specifically provided for in the plan. The number of stock options to be allocated as part of the plan may amount to two hundred sixty-nine thousand sixty (269,060) for the plan's entire term. By decision of the Company's Board of Directors as stipulated by law and the terms of the stock option plan, the Company's share capital shall be adjusted accordingly if new Company shares are allocated to the beneficiaries and as per the options exercised by the beneficiaries.
The detailed terms of the stock option plan can be found on the Company's website (www.papoutsanis.gr).

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

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

The programme for the acquisition of own shares was established by the Board of Directors of the Company on 29.06.2021. Based on the programme, the Company held as at 31/12/2022 115,272 own shares, i.e. 0.425% of the Company's total shares.

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

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

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

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

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

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

CONTENTS

INTRODUCTION

The term "corporate governance" describes the way in which companies are managed and controlled. Corporate governance is a system of relations between a Company's Management, its Board of Directors, shareholders as well as stakeholders. It forms the basis on which the Company's goals are discussed and set, by specifying the means to achieve company objectives and making it possible to monitor Management performance in implementing the above.
In Greece, the corporate governance framework has been developed mainly through the adoption of mandatory rules, such as Law 4706/2020 which, among others, requires the participation of non-executive and independent non-executive members in the BoDs of listed companies in a regulated market in Greece, the establishment and operation of an internal audit department and the adoption of internal operation regulation containing minimum mandatory requirements as per the above provisions. Furthermore, a series of new pieces of legislation transposed the European company law directives into the Greek legal

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

1. Corporate Governance Code

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

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

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

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

Regarding the Board of Directors

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

Size and Composition of the Board of Directors

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

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

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

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

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

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

2.1 General

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

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

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

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

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

Control activities in IT systems:

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

2.2 Control activities for the financial statements preparation process

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

Organisation - Allocation of Responsibilities

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

Accounting and financial statement preparation processes

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

Internal audit processes for financial statements

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

Processes for the safeguarding of assets

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

3. Board of Directors

3.1 Composition and functioning of the Board of Directors

3.1.1. The role, competences and responsibilities of the BoD are described in the Articles of Association and are complemented by the Regulation of the Board of Directors and the Internal Regulation of the Company.

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

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

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

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

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

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

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

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

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

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

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

3.1.4 Incompatibilities – other obligations

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

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

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

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

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

3.1.5. Meetings of the Board of Directors

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

In addition to the Chairman or his stand-in, the Board of Directors may also be convened upon request by two (2) of its members to the Chairman or the Acting Chairman, who are required to convene the Board of Directors meeting so that it is held within seven (7) days from the request. The request must, on penalty of inadmissibility, clearly state the issues to be dealt with by the Board of Directors. If the Board of Directors is not convened by the Chairman or the Acting Chairman within the above time limit, the members who requested the meeting to be held are allowed to convene the Board of Directors within five (5) days from the expiry of the above time-limit of seven (7) days, by notifying the invitation to the other members of the Board of Directors. In 2022, the Board of Directors held twelve (12) meetings, with all members present. Signing of the meeting minutes served as proof that the remaining decisions of the BoD were taken, pursuant to Article 94 of Law 4548/2018.

3.2 Information on members of the Board of Directors

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

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

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

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

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

d. **Christos Georgalis, Non-executive, Independent Member.** Mr Georgalis holds a degree from the Supreme School of Economics and Business (SSEB) and has been registered in the Economic Chamber of Greece since 2001. From 1973 until 2012, he has acquired considerable experience on financial matters of the industry in companies of the VIOHALCO Group. From 1990 to 2012, he was Chief Financial Officer at VECTOR SA, IBS SA-KEM SA and SIDENOR SA-KEM SA. He was on the Board of Directors of ETALBOND SA and ELMONDE HOLDINGS LIMITED until 2010, and he was also a member of the Board of Directors of PROSAL SA until 2014 and of BOZETTI LIMITED until 2016. In 2013, he was accepted in the Board of Directors of PAPOUTSANIS SA, and in 2017 he became chairman of the Audit Committee.

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

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

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

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

Shareholder Full Name or Corporate Name	Corresponding shares (in units)	PERCENTAGE
Tassopoulos Menelaos	6,249,629	23.06%
Gkatzaros Georgios	6,191,717	22.85%
Iskalatian Mary-Chaigkoui	200,532	0.74%
Papoutsanis Dimitrios	789	0.0029%

3.3 Evaluation process for the Board of Directors

The Company has implemented an evaluation policy for members of the Board of Directors whose purpose is to ensure its effective operation and fulfilment of its role as the supreme management body of the Company. Members of the Board of Directors are evaluated collectively on an annual basis. The evaluation is carried out in the form of self-evaluation questionnaires prepared by the Remuneration and Nomination Committee of the Company and completed by all members of the Board of Directors. The process is headed by the Chairman of the Board of Directors, and the Board of Directors discusses the results. The Board of Directors also decides whether an external consultant should be engaged to help with the annual evaluation.
The above policy of the Company provides for the evaluation of the executive members of the Board of Directors by the non-executive members (without the presence of the remaining executive members) in a special meeting, during which their performance is discussed in relation to the overall performance of the Company against the budget goals and based on the scope of responsibilities held by each executive member.
Once the above process has been completed, an evaluation report is prepared. This includes the self-evaluation results, a brief description of the evaluation process, the areas/points covered, the main advantages identified and the areas that need improvement, as well as aggregate data on responses given within self-evaluation questionnaires.
After discussing the self-evaluation results, the Board of Directors decides on any further actions that are deemed appropriate and an action plan is prepared thereto.
The self-evaluation process was completed in June 2022.

3.4 Audit Committee

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

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

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

a) monitoring the financial reporting process, reviewing judgments and estimates of the Management affecting the financial statements as well as supervising any official announcement regarding the financial performance of the Company;

b) monitoring the effective operation of the internal audit system and the risk management system accordingly, as well as supervising the internal audit service of the Company and ensuring its independence;
c) monitoring the progress of the statutory audit on the individual and consolidated financial statements of the Company;
d) reviewing and following-up on issues related to the existence and maintenance of the objectivity and independence of the statutory auditor or the audit firm, in particular with regard to the provision of other services to the Company by the statutory auditor or audit firm.
During the financial year 2022 (01.01.2022-31.12.2022) the Audit Committee met 10 times with all members present in those meetings.
More specifically, during the time period from 01.01.2022 to 31.12.2022:

- The Audit Committee was briefed by the Certified Accountant-Auditor on the audit planning, schedules, audit approach, audit scope, method of determining materiality, significant audit matters, how to assess the most significant risks, and the proposed financial audit procedures for the 2021 annual financial statements and the 2022 semi-annual financial statements.
- The Audit Committee reviewed the financial statements of the Company (corporate and consolidated) before their submission to the Board of Directors for approval, prepared in accordance with the International Financial Reporting Standards (IFRS), and found them complete and consistent as to the information provided after considering the accounting principles applied by the Company.
- After completing the annual statutory audit of the 2021 financial statements, the Audit Committee examined the issues that arose and evaluated the audit results.
- In auditing the 2021 financial statements, the Audit Committee examined the final supplementary report of the Company's certified auditors against the audit report.
- Based on all the data, the Audit Committee confirmed that the significant issues and risks identified during the audit process have been adequately addressed by the external auditors and by the Company itself.

  It is noted that throughout the preparation and audit of the 2021 financial statements, the Audit Committee carried out all the actions mentioned in point B.i of decision 1302/2017 of the Hellenic Capital Market Commission.
- Regarding the 2021 financial statements, the Audit Committee informed the Board of Directors about the statutory audit's role in ensuring the quality and integrity of financial reporting, namely, the accuracy, completeness and correctness of the financial reporting approved by the Board of Directors and made public. The Audit Committee also provided information on its own role in the above process, recalling the actions taken during the statutory audit process to ensure the integrity of financial reporting.
- It also recommended to the Board of Directors to reappoint the audit firm "GRANT THORNTON SA CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS" so as to audit the 2022 financial statements.

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

Specifically, as regards the structure and processes of the Internal Audit System, during the time period from 01.01.2022 to 31.12.2022 the Audit Committee:

- Approved the audit plan of the Internal Audit Unit for the year 2022.

- Reviewed and evaluated the efficiency and effectiveness of the Internal Audit System processes and made relevant recommendations on the Company's risk register and the improvement of internal processes.
- Worked together with the Internal Auditor, and discussed the findings and conclusions drawn on the audit reports.
- Monitored the implementation of the annual audit plan based on the quarterly reports of the Internal Audit Unit.

In addition, during 2022 the Audit Committee received offers from independent candidate evaluators based on the decision no 1/891/30.09.2020 of the Hellenic Capital Market Commission and recommended to the Board of Directors the company MRI HELLAS AUDITING COMPANY SOCIETE ANONYME, ICPA Reg No 155 headed by the independent evaluator Vroustouris Panagiotis, certified auditor-accountant with ICPA Reg No 12921, for the evaluation of the Internal Audit System for the period from 15/7/2021-31/12/2022.

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

3.5 Remuneration and Nomination Committee

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

a) make recommendations to the Board of Directors regarding the remuneration policy submitted for approval to the General Meeting, in accordance with Article 110(1) of Law 4548/2018;
b) make recommendations to the BoD regarding the remuneration of the persons falling within the scope of the remuneration policy, according to Article 110 of Law 4548/2018, and regarding the remuneration of the Company's executive directors, especially that of the Head of the Internal Audit Unit;
c) review the information included in the final draft of the remuneration report, expressing its opinion to the Board of Directors, before submitting the report to the General Meeting in accordance with Article 112 of Law 4548/2018;
d) identify and recommend to the BoD persons suitable to become members of the BoD, on the basis of a procedure provided for in its Regulation;
e) select candidates based on factors and criteria set by the Company, in line with its suitability policy.
The Remuneration and Nomination Committee has three members and consists of two independent non-executive members of the BoD, i.e. Messrs Christos Georgalis and Antonios Barounas, and one non-executive member of the BoD, Mr Dimitrios Papoutsanis.
The members of the Remuneration and Nomination Committee are elected by the Board of Directors. The Remuneration and Nomination Committee is chaired by Mr Christos Georgalis. During the financial year 2022 (01.01.2022-31.12.2022), the Remuneration and Nomination Committee met 4 times with all members present in those meetings.

More specifically, during the time period from 01.01.2022 to 31.12.2022 the Remuneration and Nomination Committee:

- Made recommendations to the Board of Directors regarding the remuneration of persons falling under the scope of the remuneration policy, in accordance with Article 110 of Law 4548/2018.
- Reviewed the final draft of the Remuneration Report of 2021, expressing its opinion to the Board of Directors before submitting the Report to the General Meeting in accordance with Article 112 of Law 4548/2018.
- Reviewed and agreed with the appropriateness of the questionnaires for the self-evaluation of the Board of Directors in accordance with the relevant process.

3.6 Other managerial, supervisory bodies or committees of the Company

The Company has a Risk Management Committee to ensure the identification, assessment and effective addressing of existing and potential risks. As at the date hereof, there are no other managerial or supervisory bodies or committees of the Company other than the above to assist the function of the Board of Directors.

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

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

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

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

i. Preparing the rationale behind the transaction under review.
ii. Defining the key transaction terms (financial and technical terms).
iii. Specifying the contracting parties and evaluating whether they are related or not under International Accounting Standard 24 and 27.
iv. Evaluating whether the transaction falls in the exceptions of Article 99 of Law 4548/2018 or not.
v. Deciding on how to treat the transaction following an opinion provided by the Audit Committee, if deemed appropriate.
vi. Setting the transaction price.
vii. Assigning the task of issuing a report to a certified auditor or audit firm that will assess the fairness and reasonableness of the transaction for the Company and the Shareholders who are not a related party including minority Shareholders, according to Article 101 of Law 4548/2018.
viii. If the transaction is governed by the provisions of Article 99(3)(f) of Law 4548/2018, persons under Article 101(1) of Law 4548/2018 are assigned to express an opinion on the extent to which the Company's, its subsidiary’s and their Shareholders’ interests who are not related parties are adequately protected, including minority Shareholders, or from which their interests are not in jeopardy from carrying out the transaction.
ix. Announcing the authorisation to carry out the transaction in accordance with the relevant publicity rules.

x. Authorising the carrying out of the transaction by the Board of Directors or the General Meeting, as provided.

3.9 Suitability Policy for the members of the Board of Directors

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

3.10 Evaluation Report on the Internal Audit System

Pursuant to Article 3(j) of Law 4706/2020 and decision no 1/891/30.09.2020 of the Hellenic Capital Market Commission, the Company evaluates regularly the Internal Audit System as to the adequacy and efficiency of financial reporting, risk management and regulatory compliance, as well as whether the provisions on corporate governance of Law 4706/2020 have been complied with.

Taking into account the recommendation of the Audit Committee, the evaluation of the Internal Audit System was assigned on 09.09.2022 to the company MRI HELLAS AUDITING COMPANY SOCIETE ANONYME, ICPA Reg No 155 headed by the independent evaluator Vroustouris Panagiotis, certified auditor-accountant with ICPA Reg No 12921. The evaluation covered the period from the entry into force of Law 4706/2020 until 31 December 2022 and was carried out in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements other than an Audit or Review of Historical Financial Information" and the audit programme issued by the decision no 227/10.11.2022 of HAASOB.

The conclusion of the Evaluation Report on the Adequacy and Efficiency of the Internal Audit System dated 15.03.2023 did not contain any significant findings or material weakness in the Company's Internal Audit System in accordance with the Regulatory Framework.

3.11 Sustainable Development Policy (ESG)

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

4. Remuneration of the members of the Board of Directors

The total remuneration for the members of the Board of Directors of the Company for 2022 is shown in its remuneration report prepared pursuant to Article 112 of Law 4548/2018. The remuneration policy has been posted on the Company’s website: www.papoutsanis.gr.

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

This is information regarding the following matters which are already provided under the section titled "*EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS PURSUANT TO ARTICLE 4 OF LAW 3556/2007*" of this annual Management Report of the BoD, a reference of which is made hereby:

- significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;
-the holders of any securities with special rights and a description of those rights;
- any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;
- the rules governing the appointment and replacement of board members and the amendment of the Articles of Association;
- the powers of board members, and in particular the power to issue or buy back shares;
The above required information is published in the section entitled "*EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS PURSUANT TO ARTICLE 4 OF LAW 3556/2007*" of this annual Management Report of the BoD, a reference of which is made hereby.

6 April 2023

For the Board of Directors

The Chairman of the BoD	The Managing Director
Georgios Gkatzaros	**Menelaos Tassopoulos**

Grant Thornton

C. Independent Auditor's Report

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

Report on Financial Statements

Opinion

We have audited the financial statements of PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS ("the Company"), which comprise the statement of financial position as at December 31st, 2022, the statement of comprehensive income, changes in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS as at December 31st, 2022, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition (Turnover)	
In the FY ended as at 31.12.2022, the turnover of the Company stood at € 70.749.375 (€54.768.621 for the year ended 31.12.2021) The company recognizes revenue when a contractual obligation to the customer is fulfilled by means of delivering goods or rendering services (which coincides with the time, when the control over the goods or services is transferred to the customer). If a contract contains more than one contractual obligation, the total value of the contract is allocated to separate liabilities based on the separate sale values. Moreover, the company estimates that transfer of control over products to the customer takes place at a specific time, when the customer receives the goods, since then the customer is in position to receive the benefits arising from the particular products. We have identified this area as one of the key audit matters due to the increasing tendency in size and volume of the Company's transactions and its significant impact on the income statement. Furthermore, the aforementioned size reflects the Company's course of development, which, in our judgment, constitutes the main issue for the users of its Financial Statements. The Company's disclosures in respect of the accounting policies regarding revenue recognition are reported in Note 5.2.25 (Revenue Recognition) and Note 6.20 (Sales) to the financial statements.	Our audit approach included the following basic procedures: • We reviewed the IT environment supporting various revenue categories, including the internal procedures and controls related to them. • We reviewed correct segregation of FYs based on examining the sales performed near and immediately after the reporting period closing date through correlating the invoices with the respective consignment notes. • We performed targeted analytical procedures to identify any unusual changes and transactions in need of further examination. • We reviewed a sample of contracts with customers to evaluate the existing accounting policies and methods of revenue recognition. • We performed sampling recalculation of the discounts based on the confirmed turnover per case and the terms of the contracts and their compliance with the respective invoices issued and other supporting documents. • We assessed the adequacy of disclosures in the accompanying financial statements in this regard.
Valuation of Inventory	
As at 31.12.2022 the Company hold inventory standing at € 9.726.503 (€7.171.973 for the year ended 31.12.2021). The Statement of Financial Position for the year 2022 includes provision for impairment of inventories amounting to € 33.000. Inventory is measured at the lower amount between acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the amount of disposal costs. Costs of finished products and production in progress are determined applying the weighted cost method and include costs of raw materials, direct labor costs and	Our audit approach included the following basic procedures: • We reviewed internal controls regarding the warehouse monitoring circuit, cost accounting for products, physical count of inventory and year closing measurement of inventory value. • We monitored physical count of inventory and conducted sampling re-measurements. • We performed sampling confirmation of sound calculation of the weighted average cost method.

general industrial overheads, allocated based on regular production capacity. Appropriate care shall be taken for waste, obsolete and at low turnover inventory as long as the projected sizes are exceeded. The decrease in the carrying amount from accounting to net realizable value and losses in inventory are expensed over the period to which depreciation or losses correspond. We have identified this area as one of the key audit matters mainly due to the estimates required both - to measure the value of inventory and to calculate production costs and their significant effect on the income statement. Measurement of inventory value is based on the management's estimates that take into account inventory turnover within the FY, its useful life, potential reuse or liquidation of slow turnover inventory, etc. The Company's disclosures in respect of the accounting policies regarding valuation of inventory are reported in Note 5.2.16 (Inventory) and Note 6.8 (Inventory) to the financial statements.	• We assessed the Management's estimates of real estate items and slow moving inventory, making sample references to historical sales data. • We compared, on sampling basis, the sales sales prices with the cost of disposed inventory in order to identify inventory items sold at a negative profit margin. Moreover, we assessed the extent, to which it taken into account at their measure at the lower amount between acquisition cost and net realizable value. • Furthermore, we assessed the adequacy of the relative disclosures of the Company's financial statements in this regard.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

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

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

b) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Articles 150 – 151 and Paragraph 1 (cases c' and d'), Article 152, Law 4548/2018, and its content corresponds to the accompanying financial statements for the year ended as at 31.12.2022.

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

2. Additional Report to the Audit Committee

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

3. Provision of Non-Audit Services

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

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 16/07/2019 Decision of the Annual Regular General Meeting of the Shareholders. Since then our appointment has been continuously renewed for a period of 3 years based on the decisions taken at the Regular General Meeting of Shareholders.

5. Operating Regulations

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

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

We examined the digital records of PAPOUTSANIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS SA (hereinafter the Company), prepared in accordance with the European Single Electronic Format (ESEF) requirements defined in the Delegated Regulation of the European Commission (EU) 2019/815, as amended following the Regulation (EU) 2020/1989 (hereinafter ESEF Regulation) which include financial statements for the year ended as of 31 December 2022, in XHTML format (213800OVUEZXGAS3Q539-2022-12-31-el), including the other explanatory information (Notes to financial statements).

Regulatory Framework

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

In summary, this framework includes, inter alia, the requirement that all the annual financial statements shall be prepared in a valid XHTML format.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and submission of the financial statements of the Company for the year ended as at December 31st, 2022 in accordance with the requirements defined in the ESEF Regulatory Framework and for such internal control as management determines is necessary to enable the preparation of digital records that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

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

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

Conclusion

Based on the procedures we performed and the evidence we obtained, we conclude that the financial statements of the Company for the year ended as of December 31, 2022, in XHTML format (213800OVUEZXGAS3Q539-2022-12-31-el) , on the above financial statements including the other explanatory information, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, 6 April 2023

The Certified Public Accountant

Nikos Garbis

Registry Number SOEL 25011

Grant Thornton
Chartered Accountants Management Consultants
58, Katehaki Av., 115 25 Athens, Greece
Registry Number SOEL 127

D. FINANCIAL STATEMENTS

1. Statement of financial position

ASSETS	Note	31.12.2022	31.12.2021
Non-current assets			
Tangible assets	6.1	47.819.300	39.554.676
Investments in real estate property	6.2	226.707	226.707
Intangible assets	6.3	1.485.627	249.219
Financial assets measured at fair value through statement of comprehensive income	6.5	100.000	-
Goodwill	6.3	1.274.398	-
Derivative financial assets	6.6	511.903	-
Long-term receivables	6.7	28.630	39.646
		51.446.566	**40.070.249**
Current assets			
Reserves	6.8	9.726.503	7.171.973
Trade receivables	6.9	5.989.235	7.409.763
Receivables (Checks)	6.9	493.873	88.548
Other receivables	6.9	3.772.569	2.458.862
Cash and cash equivalents	6.10	11.727.234	6.377.744
		31.709.412	**23.506.890**
Total Assets		**83.155.978**	**63.577.139**
EQUITY			
Total Equity attributable to the shareholders of the company			
Share capital	6.11	14.633.241	14.582.616
Share premium	6.11	1.975.977	1.854.458
Own shares	6.11	(270.057)	(60.406)
Reserves at fair value	6.12	1.551.930	1.551.930
Other reserves	6.13	650.868	529.291
Retained Earnings		8.403.430	6.819.552
Total Equity of the Company		**26.945.390**	**25.277.440**
Non-controlling interest		-	-
Total Equity		**26.945.390**	**25.277.440**
LIABILITIES			
Long-term liabilities			
Long-term borrowings	6.14	22.466.750	12.664.254
Deferred Income Tax	6.15	4.269.918	3.598.029
Provisions for employee benefits	6.16	324.926	323.611
Grants of assets	6.18	1.762.169	1.522.769
		28.823.763	**18.108.663**
Short-term liabilities			
Suppliers	6.19	16.060.840	12.358.638
Other liabilities	6.19	3.972.005	1.985.184
Current Income Tax		412	1.198.775
Short-term loans	6.14	7.318.368	4.024.438
Provisions	6.17	35.200	624.000
		27.386.826	**20.191.036**
Total liabilities		**56.210.588**	**38.299.699**
Total equity and liabilities		**83.155.978**	**63.577.139**

The notes following in the pages 52-74 are an integral part of the financial statements.

2. Statement of comprehensive income

	Note	01.01-31.12.2022	01.01-31.12.2021
Sales	6.20	70.749.375	54.768.621
Cost of sales	6.21	(53.452.013)	(36.995.416)
Gross profit		**17.297.363**	**17.773.205**
Other revenues	6.22	1.725.900	832.316
Distribution expenses		(8.933.748)	(7.322.168)
Administrative expenses		(3.384.860)	(3.215.951)
Research and development expenses		(928.363)	(890.999)
Other expenses	6.23	(920.271)	(455.728)
Finance cost (net)	6.25	(923.387)	(574.406)
Loss from sale of interest		-	(43.027)
Profits before Tax		**3.932.634**	**6.103.242**
Deferred Income Tax		(552.707)	39.153
Current Income Tax	6.26	(384.550)	(1.215.748)
Net period earnings from continuing operations		**2.995.376**	**4.926.647**
- Owners of parent Company		2.995.376	4.926.647
Loss from discontinuing operations		-	(1.216)
Net profits for the period (A)		**2.995.376**	**4.925.431**
Other Total Income			
Items that will not be reclassified later in the results			
Reconsiderations of defined benefit plans		22.273	(38.059)
Deferred Income Tax		(4.900)	8.373
Items that are reclassified later in the results			
Deferred income tax		-	(8.320)
Deferred tax from change in tax rate		-	35.292
Other total income after tax (B)		**17.373**	**(2.714)**
Total comprehensive income after tax (A+B)		**3.012.750**	**4.922.716**
- Owners of parent Company		3.012.750	4.922.716
- Non-controlling interests		-	-
Profit / (loss) after tax per share	6.27	0,1107	0,1823

The notes following in the pages 52-74 are an integral part of the financial statements.

3. Statement of changes in equity

	Share capital	Own Shares	Share Premium	Fair value reserves	Other reserves	Retained earnings	Total
Balance at 1.1.2021	**14.529.291**	**-**	**1.819.487**	**1.551.930**	**237.435**	**3.981.989**	**22.120.133**
Net income for the year						4.922.716	4.922.716
Dividend						(1.884.841)	(1.884.841)
Share capital increase	53.325		45.425				98.750
Own shares		(60.406)					(60.406)
Transfer to reserves					246.272	(246.272)	-
Capitalized reserves tax			(10.455)				(10.455)
Reserves for payments based on equity securities					45.584	45.959	91.543
Changes in the period	**53.325**	**(60.406)**	**34.970**	**-**	**291.856**	**2.837.562**	**3.157.307**
Balance at 31.12.2021	**14.582.616**	**(60.406)**	**1.854.458**	**1.551.930**	**529.291**	**6.819.552**	**25.277.440**

	Share capital	Own Shares	Share Premium	Fair value reserves	Other reserves	Retained earnings	Total
Balance at 1.1.2022	**14.582.616**	**(60.406)**	**1.854.457**	**1.551.930**	**529.291**	**6.819.552**	**25.277.440**
Net income for the year						3.012.750	3.012.750
Share capital increase	50.625		121.520				172.145
Own shares		(209.650)					(209.650)
Dividend 2021 to shareholders						(1.348.388)	(1.348.388)
Dividend 2021 to employees						(90.300)	(90.300)
Transfer to reserves					152.572,50	(152.573)	-
Transferred results of absorbed company						111.819	111.819
Reserves for payments based on equity securities					(30.995)	50.569	19.575
Changes in the period	**50.625**	**(209.650)**	**121.520**	**-**	**121.578**	**1.583.878**	**1.667.950**
Balance at 31.12.2022	**14.633.241**	**(270.057)**	**1.975.977**	**1.551.930**	**650.868**	**8.403.430**	**26.945.390**

The notes following in the pages 52-74 are an integral part of financial statements.

4. Statement of cash flows (indirect method)

	01.01-31.12.2022	01.01-31.12.2021
Operating activities		
Profits before tax	3.932.634	6.103.242
Profit/(Loss) before tax from discontinuing operations		(1.216)
Plus / (minus) adjustments for:		
Depreciations	2.171.224	1.747.418
Provisions	(637.586)	338.890
Depreciations of grants	(175.300)	(161.587)
(Revenues) / expenses of investments	(511.903)	44.243
Finance cost (net)	923.387	574.406
	5.702.456	**8.645.396**
Plus/Less adjustments of working capital or related to operating activities:		
Decrease/(increase) of receivables	876.187	(3.196.254)
Decrease/(increase) of inventory	(2.193.261)	357.634
Decrease/(increase) of payables (excluding banks)	2.894.449	3.546.240
Less:		
Interest payable and related expenses paid	(799.785)	(513.147)
Total inflows / (outflows) of operational activities (a)	**6.480.046**	**8.839.869**
Investment activities		
Participation in subsidiaries	(2.450.000)	-
Sale of subsidiary	-	7.922
Purchase of tangible and intangible assets	(8.928.074)	(9.029.415)
Proceeds from sales of tangible and intangible assets	-	55.453
Total inflows / (outflows) of investment activities (b)	**(11.378.074)**	**(8.966.039)**
Financing activities		
Own shares	(209.650)	(60.406)
Proceeds from capital increase	93.750	98.750
Proceeds from issued/ taken up loans	18.068.027	10.226.900
Proceeds from grants	-	434.466
Repayment of loans	(5.917.904)	(5.941.072)
Repayment of liabilities from leasing agreements (payment of interest)	(348.018)	(626.853)
Dividend paid	(1.438.688)	(1.884.537)
Total inflows / (outflows) of financing activities (c)	**10.247.517**	**2.247.248**
Total increase (decrease) of cash and cash equivalents of the period (a) + (b) + (c)	**5.349.489**	**2.121.078**
Cash and cash equivalents at the beginning of the period	6.377.744	4.256.667
Cash and cash equivalents at the end of the period	**11.727.234**	**6.377.744**

The notes following in the pages 52-74 are an integral part of financial statements.

6. Explanatory notes to the line items in the Financial Statements

6.1. Tangible Fixed Assets

The Company's tangible fixed assets are broken down as follows:

	31.12.2022	**31.12.2021**
Tangible Fixed Assets	46,911,676	37,855,365
Leased Fixed Assets	907,624	1,699,311
	47,819,300	**39,554,676**

Breakdown of Own Fixed Assets

	Lands & Plots	**Buildings & Building Facilities**	**Machinery and Mechanical Facilities**	**Other Equipment**	**Fixed Assets under construction**	**TOTALS**
Acquisition or valuation value						
As at 1 January 2021	**1,472,346**	**6,093,826**	**34,566,708**	**2,100,075**	**1,970,783**	**46,203,734**
Additions	185,595	438,443	2,402,542	369,251	5,033,414	8,429,244
Transfers from fixed assets under construction	-	-	4,593,677	-	(4,593,677)	-
Transfer from leased fixed assets	-	-	802,011	31,180	-	833,191
Disposals	-	-	-	(58,262)	-	(58,262)
As at 31 December 2021	**1,657,941**	**6,532,269**	**42,364,938**	**2,442,243**	**2,410,519**	**55,407,910**
As at 1 January 2022	**1,657,941**	**6,532,269**	**42,364,938**	**2,442,243**	**2,410,519**	**55,407,910**
Additions	52,380	755,873	5,071,375	253,951	2,409,906	8,543,485
Additions from Absorption	301,848	1,304,820	212,362	46,642	-	1,865,672
Transfers from fixed assets under construction	-	2,526,391	1,525,001	-	(4,051,392)	-
Withdrawal of fixed assets	-	-	(17,422)	(56,282)	-	(73,703)
Transfer from leased fixed assets	-	-	836,700	-	-	836,700
As at 31 December 2022	**2,012,169**	**11,119,353**	**49,992,955**	**2,686,554**	**769,034**	**66,580,065**

	Lands & Plots	**Buildings & Building Facilities**	**Machinery and Mechanical Facilities**	**Other Equipment**	**Fixed Assets under construction**	**TOTALS**
Accumulated Depreciation and Amortisation						
As at 1 January 2021	-	**530,302**	**13,758,087**	**1,731,659**	-	**16,020,049**
Depreciation and Amortisation for the financial year	-	144,972	1,273,578	59,974	-	**1,478,525**
Depreciation and Amortisation of assets disposed of	-	-	-	(58,262)	-	**(58,262)**
Depreciation and Amortisation transferred from leased fixed assets	-	-	87,809	24,424	-	**112,234**
As at 31 December 2021	-	**675,274**	**15,119,475**	**1,757,796**	-	**17,552,545**

As at 1 January 2022	-	**675,274**	**15,119,475**	**1,757,796**	-	**17,552,545**
Depreciation and Amortisation for the financial year	-	163,495	1,542,132	122,880	-	1,828,507
Depreciation and Amortisation from Absorption	-	-	207,362	31,309	-	238,671
Withdrawal of fixed assets	-	-	(17,422)	(55,460)	-	(72,882)
Depreciation and Amortisation transferred from leased fixed assets	-	-	121,548	-	-	121,548
As at 31 December 2022	-	**838,769**	**16,973,094**	**1,856,525**	-	**19,668,389**
Undepreciated and Unamortised Value						
As at 31 December 2021	1,657,941	5,856,995	27,245,463	684,448	2,410,518	37,855,365
As at 31 December 2022	**2,012,169**	**10,280,584**	**33,019,861**	**830,029**	**769,034**	**46,911,676**

As at 31.12.2022, the registered mortgages on own-use real estate acquired by the Company through the absorption of the 100% subsidiary Malikoutis SMSA amounted to €600,000, which were provided to secure loans of Malikoutis SMSA. These loans were fully repaid in January 2023 and the Company is in the process of discharging these mortgage prenotations.

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

	BUILDINGS	MEANS OF TRANSPORT	MACHINERY & EQUIPMENT	OTHER EQUIPMENT	TOTAL
As at 1 January 2022	**192,238**	**494,434**	**1,530,436**	-	**2,217,107**
Additions	-	173,603	16,600	-	**190,203**
Transfer to own fixed assets	-	-	**(836,700)**		**(836,700)**
As at 31 December 2022	**192,238**	**668,037**	**710,336**	-	**1,570,610**
As at 1 January 2022	**10,680**	**247,124**	**259,992**	-	**517,796**
Depreciation and Amortisation for the financial year	64,079	144,211	58,448		266,738
Transfer to own fixed assets	-	-	(121,548)		(121,548)
As at 31 December 2022	**74,759**	**391,335**	**196,892**	-	**662,986**
Undepreciated and Unamortised Value					
As at 31 December 2021	**181,558**	**247,310**	**1,270,443**	-	**1,699,311**
As at 31 December 2022	**117,479**	**276,702**	**513,443**	-	**907,624**

A breakdown of lease liabilities for the next few years as well as the recognised rights of use of assets by fixed asset category is provided:

Right of Use of Assets	31.12.2021	Additions for the financial year	Depreciation and Amortisation for the financial year	31.12.2022
Buildings	181,558	-	64,079	117,479
Printing Machinery	103,228	16,600	28,811	91,017
Pallet Trucks	25,114	41,866	17,534	49,446
Automobiles	222,196	131,737	126,677	227,256
Right of Use of Assets	**532,095**	**190,203**	**237,100**	**485,198**

Lease Description	31.12.2021	Additions for the financial year	Payments for the financial year	Interest for the financial year	31.12.2022
Buildings	182,107	-	(67,800)	6,241	120,549
Printing Machinery	107,101	16,600	(32,590)	4,165	95,276
Pallet Trucks	25,737	41,866	(18,724)	1,603	50,482
Automobiles	227,333	131,737	(134,023)	7,478	232,525
Lease liability	**542,277**	**190,203**	**(253,137)**	**19,488**	**498,831**

Breakdown of lease liabilities	up to 1 year	1 to 5 years	Later than 5 years	Total
Lease liabilities	247,089	294,205	2,713	**544,007**
Financial expense	(32,438)	(12,698)	(40)	**(45,176)**
Net present value of liability	**214,651**	**281,507**	**2,673**	**498,831**

6.2. Investments in Real Estate

Investments in real estate relate to agricultural parcels with a ground-floor house owned by the Company (in Evia), with a fair value of EUR 226,707. The Company's Management considered that there is no material change in fair value and as a result it did not revalue the Investments in Real Estate for the current financial year.

The change in fair value is as follows:

Υπόλοιπο 1.1.2021	**226.707**
Προσθήκες/Μειώσεις περιόδου	-
Διαφορές αποτιμήσεως στην εύλογη αξία	-
Υπόλοιπο 31.12.2021	**226.707**
Υπόλοιπο 1.1.2022	**226.707**
Προσθήκες/Μειώσεις περιόδου	-
Διαφορές αποτιμήσεως στην εύλογη αξία	-
Υπόλοιπο 31.12.2022	**226.707**

6.3. Intangible Assets

Intangible Assets relate to purchased electronic computer software and new product development cost, purchased trademarks and goodwill paid on business acquisition. These are broken down as follows:

	Electronic Computer Software	Development Cost	Trademarks	Goodwill	Total
Acquisition or valuation value					
As at 1 January 2021	**2,150,779**	**251,697**			**2,402,476**
Additions	87,136	-			**87,136**
As at 31 December 2021	**2,237,915**	**251,697**	**-**	**-**	**2,489,612**
As at 1 January 2022	**2,237,915**	**251,697**	**-**	**-**	**2,489,612**
Additions	196,006	-	1,110,000	1,274,398	**2,580,404**
As at 31 December 2022	**2,433,921**	**251,697**	**1,110,000**	**1,274,398**	**5,070,016**
Accumulated Depreciation and Amortisation					
As at 1 January 2021	**1,945,148**	**232,074**			**2,177,223**
Depreciation and Amortisation for the financial year	59,979	3,190			**63,169**
As at 31 December 2021	**2,005,127**	**235,264**	**-**	**-**	**2,240,392**
As at 1 January 2022	**2,005,127**	**235,264**	**-**	**-**	**2,240,392**
Depreciation and Amortisation for the financial year	66,409	3,190			**69,599**
As at 31 December 2022	**2,071,536**	**238,454**	**-**	**-**	**2,309,990**
Undepreciated and Unamortised Value					
As at 31 December 2021	232,788	16,433	-	-	249,219
As at 31 December 2022	**362,385**	**13,243**	**1,110,000**	**1,274,398**	**2,760,025**

The Company, through the acquisition of "G MALIKOUTIS SOAP - COMMERCE - CRAFTS SINGLE-MEMBER SA" which it subsequently absorbed, owns the use of the corporate trade name "ARKADI", which has a strong market recognition and provides a significant financial benefit to the Company.

The fair value of the corporate trade name amounts to the sum of EUR 1,110,000.

The goodwill that arose as the difference between the price and the fair value of the identifiable net assets of the acquired subsidiary amounts to the sum of EUR 1,274,398.

Specifically, the net assets and liabilities acquired as at 31.12.2022 as well as the amount of goodwill that arose are summarised as follows:

Real estate, facilities and equipment	1,627,801
Trademarks	1,110,000
Other non-current assets	41,324
Inventories	361,269
Trade and other receivables	1,148,338
Cash resources and cash equivalents	72,572
Provisions for employee benefits	(62,460)
Trade liabilities	(1,182,647)
Bank loans	(1,127,382)
Deferred tax liabilities	(114,282)
Other short-term liabilities	(798,931)
Net assets and liabilities acquired	**1,075,601**

Acquisition price (100%)	2,350,000
Net assets and liabilities acquired	1,075,601
Non-controlling interests	-
Goodwill	**1,274,399**

6.4. Investments in Subsidiary Businesses

On 01.09.2022 PAPOUTSANIS SA acquired full control (100% of the title deeds) of MALIKOUTIS SMSA. The above company is a soap factory that offers the complete range of ARKADI products for the cleaning of clothes and home as well as for personal care using pure, natural, vegan and internationally certified products.

Subsequently, PAPOUTSANIS SA initiated the merger process by absorbing the above acquired company with a transformation date of 31.10.2022. The said merger was completed on 30.12.2022 with the registration in the General Commercial Registry (GCR) of the relevant decision of the competent body of the Ministry of Development and Investments.
During the period from 01.09.2022 (aforementioned acquisition date) to 31.10.2022 (aforementioned merger date), MALIKOUTIS SMSA achieved the following results:

	01.09.2022 - 31.10.2022
Sales	465,300
Cost of sales	(309,585)
Gross profit	**155,715**
Other income	11,231
Disposal expenses	(110,840)
Administrative expenses	(83,020)
Financial cost (net)	(29,160)
Earnings before taxes	**(56,074)**

During the same period of 01.09.2022-31.10.2022 the cash flows of MALIKOUTIS SMSA were as follows:

Operating activities	**01.01-31.12.2022**
Earnings before taxes	(56,074)
Plus / (less) adjustments for:	
Depreciation and Amortisation	6,381
Provisions	(101,765)
Financial cost - (net)	29,160
	(122,298)
Plus/less adjustments for changes in working capital accounts or related to operating activities:	
Decrease / (increase) in receivables	1,148,338
Decrease/ (increase) in inventories	361,269
(Decrease) / Increase in liabilities (save for banks)	(1,887,730)
Total inflow / (outflow) from operating activities (a)	**(500,421)**
Investing activities	
Purchase of tangible and intangible fixed assets	1,627,800
Total inflow / (outflow) from investing activities (b)	**1,627,800**
Financing activities	
Loan repayments	(1,127,382)
Total inflow / (outflow) from financing activities (c)	**(1,127,382)**

The above line items of MALIKOUTIS SMSA for the period 01.09.2022-31.10.2022 have been included in the corresponding line items presented in the Financial Year Profit and Loss Account Statement and the Cash Flow Statement of the acquiring company PAPOUTSANIS SA (as the Company).

6.5. Financial assets valued at fair value through the statement of comprehensive income

In July 2022, Papoutsanis acquired shares of the company Naxos Apothecary LTD, based in Nicosia, Cyprus, corresponding to 1% of its share capital.

6.6. Derivative financial assets

The derivative financial assets in the amount of €511,903 relate mainly to hedging instruments for the risk arising from the increase in interest rates and partially cover the borrowing cost.

6.7. Long-term receivables

These relate to given financial guarantees and other long-term receivables and for the financial years 2022 and 2021 they were as follows:

	Guarantees	Other receivables	Total
Balance 01.01.2021	**18,925**	**-**	18,925
Refunds of guarantees within the financial year			-
Grants of guarantees in the financial year	20,722		20,722
Balance 31.12.2021	**39,646**	**-**	**39,646**
Balance 01.01.2022	**39,646**	**-**	**39,646**
Refunds of guarantees within the financial year	(15,603)		(15,603)
Grants of guarantees in the financial year	4,587		4,587
Balance 31.12.2022	**28,630**	**-**	**28,630**

6.8. Inventories

	31.12.2022	31.12.2021
Raw and auxiliary materials	4,194,062	3,498,222
Merchandise	438,743	166,220
End products	5,126,698	3,540,530
Obsolescence provisions	(33,000)	(33,000)
	9,726,503	**7,171,973**

6.9. Trade and Other Receivables

Breakdown and measurement of trade receivables

	Receivables balances - Time period balances overdue				
	Current receivables			doubtful receivables (balances of previous financial years)	Total
31.12.2021	**Not overdue**	**1-180 days**	**over 180 days**		
Trade Receivables	6,038,895	1,483,989	219,750	1,248,934	8,991,567
Percentage of losses	0.2%	2.0%	92.5%	100.0%	
Estimated credit losses	(11,183)	(29,924)	(203,214)	(1,248,934)	**(1,493,256)**
Balance (net) of receivables from customers 31.12.2021	6,027,712	1,454,065	16,535	-	**7,498,311**

	Receivables balances - Time period balances overdue				
	Current receivables			doubtful receivables (balances of previous financial years)	Total
31.12.2022	**Not overdue**	**1-180 days**	**over 180 days**		
Trade Receivables	6,483,116	9,031	219,947	-	6,712,093
Percentage of losses	0.6%	2.3%	87.2%	-	
Estimated credit losses	(37,075)	(203)	(191,707)	-	**(228,986)**
Balance (net) of receivables from customers 31.12.2022	6,446,041	8,828	28,239	-	**6,483,108**

The provision for impaired trade receivables of the Company during the financial years that ended on 31.12.2022 and on 31.12.2021 is as follows:

Balance 01.01.2021	**(1,478,876)**
Provision for credit loss for the period	(14,379)
Balance 31.12.2021	**(1,493,256)**
Use of provision for writing off doubtful customers	1,248,934
Provision for credit loss for the period	15,336
Balance 31.12.2022	**(228,986)**

Other receivables (current asset)

Breakdown:

	31.12.2022	31.12.2021
Customers	6,218,221	8,903,019
Cheques receivable	493,873	88,548
Less: Provisions for doubtful customers	(228,986)	(1,493,256)
Total receivables from customers	**6,483,108**	**7,498,311**
Other deductions (Greek State)	14,630	18,404
VAT receivable for the financial year	1,301,376	1,073,752
Advances	1,350,899	1,007,673
Debtors	817,208	104,176
Other receivables	293,133	259,536
Less: Provisions for other doubtful receivables	(4,679)	(4,679)
Total other receivables	**3,772,569**	**2,458,862**

6.10. Cash resources and cash equivalents

Cash resources and cash equivalents represent cash and bank deposits.

	31.12.2022	31.12.2021
Cash in hand	5,727	9,662
Sight deposits in Euro	11,207,343	6,010,377
Sight deposits in foreign currency	514,163	357,705
	11,727,234	**6,377,744**

6.11. Share Capital

Breakdown of share capital and share premium:

	Share Capital	Own Shares	Share premium
Balance 01.01.2021	**14,529,291**	**-**	**1,819,487**
Own shares		(60,406)	-
Increase in share capital	53,325		45,425
Tax on Capitalised Reserves			(10,455)
Balance 31.12.2021	**14,582,616**	**(60,406)**	**1,854,458**
Balance 01.01.2022	**14,582,616**	**(60,406)**	**1,854,458**
Own shares		(209,650)	-
Increase in share capital	50,625		121,519
Balance 31.12.2022	**14,633,241**	**(270,057)**	**1,975,977**

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 an amount of €965,349.36 to the amount of €14,529,290.76, by capitalising tax-free reserves of development laws and issuing 1,787,684 new ordinary registered shares with voting rights with a nominal value of €0.54 each. The Corporate Actions Committee of the Athens Stock Exchange at its Meeting on 12.01.2021 approved the admission of the above new shares to trading on the Stock Exchange. The ex-date for the right to participate in the share capital increase with capitalisation of reserves was set as the 14th.01.2021. As of the same date, the Company's shares were traded on the Athens Stock Exchange without the right to participate in the aforementioned increase and the starting price of the Company's shares on the Athens Stock Exchange was determined in accordance with the Rulebook of the Athens Stock Exchange in conjunction with the decision no 26 of the BoD of the Athens Stock Exchange, as in force. 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 DSS on the 15th/01/2021. The start of trading of the 1,787,684 new shares on the Athens Stock Exchange was set for 20.01.2021.

By the decision of the Board of Directors dated 28.06.2021, following the exercise of stock options under a stock option plan available to the Company's personnel in accordance with Article 113 of Law 4548/2018, it was decided to increase the Company's share capital by €53,325 to €14,582,615.76, paid in cash by issuing 98,750 new ordinary registered shares with voting rights of a nominal value of €0.54 each.

By the decision of the Board of Directors dated 22.06.2022, following the exercise of stock options under a stock option plan available to the Company's personnel in accordance with Article 113 of Law 4548/2018, it was decided to increase the Company's share capital by €50,625 to €14,633,240.76, paid in cash by issuing 93,750 new ordinary registered shares with voting rights of a nominal value of €0.54 each.

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

Dividend Policy

The Management intends to propose to the Ordinary General Meeting of Shareholders the distribution of a dividend of a gross amount of €0.02 per share. The proposed distribution is subject to the approval of the Ordinary General Meeting of Shareholders. Furthermore, it should be noted that at the meeting of the Board of Directors of the Company on 31.10.2022, the distribution of a gross interim dividend in the amount of €0.02 per share was approved, which was paid to the shareholders on 12.12.2022.

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

6.12. Fair value reserves

Fair value reserves come from the valuation of real estate by independent professional valuators and are broken down as follows:

Breakdown of change in fair value during the financial year

Fair value reserves	2022	2021
Balances at the beginning of the financial year	1,551,930	1,551,930
Additions for the financial year	-	-
Balances at the end of the financial year	**1,551,930**	**1,551,930**

6.13. Other reserves

Other reserves are broken down as follows:

	Statutory reserve	Miscellaneous reserves	Total
Balance as at 1 January 2021	**237,435**	**-**	**237,435**
Establishment of a statutory reserve	246,272	-	**246,272**
Stock option special reserve	-	45,584	**45,584**
Balance as at 31 December 2021	**483,707**	**45,584**	**529,291**
Balance as at 1 January 2022	**483,707**	**45,584**	**529,291**
Establishment of a statutory reserve	152,573	-	152,573
Stock option special reserve	-	(30,995)	(30,995)
Balance as at 31 December 2022	**636,280**	**14,589**	**650,868**

(a) Statutory reserve

The statutory reserve is established compulsorily, in accordance with the provisions of Law 4548/2018 (likewise as well with the earlier provisions of Codified Law 2190/20), to cover any losses of the business. The amount consists of 5% of the earnings for the financial year, after deduction of income tax, until it reaches 1/3 of the share capital.

(b) Tax-free reserves

Tax-free reserves are established under development laws, from net earnings. These amounts are tax free, not subject to income tax because they were established for the creation of fixed investments.

(c) Other reserves

These reserves are established upon the retention of taxed earnings, following a decision of the General Meeting. The main purpose of their creation is to boost the liquidity of the business.

6.14. Loans

The fair value of loans does not differ significantly from the accounting value, as loans are at variable interest rates. The Company's loans are broken down as follows:

	31.12.2022	31.12.2021
Long-term		
Bank loans	22,182,570	12,244,065
Liabilities under finance lease contracts	284,180	420,188
Total	**22,466,750**	**12,664,254**
Short-term		
Bank loans	2,503,374	2,649,891
Short-term portion of long-term bank loans	4,542,884	962,926
Liabilities under finance lease contracts	272,110	411,622
Total	**7,318,368**	**4,024,438**
Loans total	**29,785,118**	**16,688,692**

The average cost of bank borrowing (interest and expenses on bank loans and finance leases / average monthly amount of bank loans) was 2.9% in the financial year 2022 and 2.7% in the financial year 2021.

6.15. Deferred tax

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

The offsetting of deferred receivables and liabilities results in deferred tax liabilities that are payable after the coverage of accumulated tax losses. Under the applicable tax legislation, tax losses for each financial year are offset against taxable earnings for the following five years in order to calculate on the difference, after offsetting, the amount of income tax owed.

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

	31.12.2022	31.12.2021
Opening balance for the financial year	**(3,598,029)**	**(3,672,526)**
Debit / (credit) to profit and loss account statement	(552,707)	39,153
Debit / (credit) directly to other comprehensive income	(119,182)	35,344
Closing balance for the financial year	(4,269,918)	(3,598,029)

The balances and changes in deferred tax receivables and liabilities during the financial year, without taking into account the offsetting of balances, are as follows:

Deferred tax receivables:

	Valuation of inventories	government grants	Provision for employee compensation	Tax losses	Investments in real estate	Multiannual depreciation and amortisation expenses	Doubtful receivables under IFRS 9	Operating leases	Total
Balance as at 1 January 2021	**28,330**	**160,032**	**99,581**	**-**	**8,470**	**11**	**57,479**	**1,510.23**	**355,413**
Debit / (credit) to profit and loss account statement	(10,758)	(37,724)	(87,726)	-	(706)	(11)	(3,728)	729.81	(139,923)
Debit / (credit) to other comprehensive income	-	-	17,820	-	-	-	-	-	17,820
Balance as at 31 December 2021	**17,572**	**122,309**	**29,674**	**-**	**7,764**	**-**	**53,751**	**2,240**	**233,310**
Balance as at 1 January 2022	**17,572**	**122,309**	**29,674**	**-**	**7,764**	**-**	**53,751**	**2,240**	**233,310**
Debit / (credit) to profit and loss account statement	(9,752)	64,512	36,792	(120,000)	-	-	(3,374)	**759**	(31,064)
Debit / (credit) to other comprehensive income	-	-	5,018	120,000	-	-	-	-	125,018
Balance as at 31 December 2022	**7,819**	**186,821**	**71,484**	**-**	**7,764**	**-**	**50,377**	**2,999**	**327,264**

Deferred tax liabilities:

	Own-use real estate	Tangible fixed assets	Goodwill	Total
Balance as at 1 January 2021	**1,001,180**	**3,009,234**	-	**4,010,414**
Debit / (credit) to profit and loss account statement	(37,425)	(141,650)	-	**(179,075)**
Debit / (credit) to other comprehensive income	-	-	-	**-**
Balance as at 31 December 2021	**963,755**	**2,867,583**	**-**	**3,831,339**
Balance as at 1 January 2022	**963,755**	**2,867,583**	**-**	**3,831,339**
Debit / (credit) to profit and loss account statement	314,592	207,051		521,644
Debit / (credit) to other comprehensive income	-	-	244,200	244,200
Balance as at 31 December 2022	**1,278,348**	**3,074,635**	**244,200**	**4,597,182**

Deferred tax	**2022**	**2021**
Balance of tax receivables	327,264	233,310
Balance of tax liabilities	(4,597,182)	(3,831,339)
Net balance	**(4,269,918)**	**(3,598,029)**

6.16. Provisions for employee benefits

The plan in force is the contractual obligation to provide benefits in a lump sum in the event of departure due to retirement, depending on the length of service, based on the applicable legislation (Law 2112/20, as amended and in force up to and including Law 4093/2012). 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 of each employee, at the balance sheet date, discounted to its present value, in relation to the envisaged time of its payment. The above obligation has been calculated by certified actuaries at the end of the financial year as follows:

	31.12.2022	31.12.2021
Amounts to be recognised in the balance sheet		
Present value of liabilities	324,926	323,611
Net liability to be entered in the balance sheet at the end of the financial year	**324,926**	**323,611**

Amounts to be recognised in the profit and loss account statement		
Cost of current service	44,448	41,472
Interest expenditure	1,472	1,649
Cost of past service	-	(6,007)
Cost of settlements/cutbacks/special cases	88,492	235,101
Expenditure to be entered in the profit and loss account statement at the end of the financial year	**134,412**	**272,214**

Other comprehensive income (OCI)		
Actuarial (profit) loss on liability due to financial assumptions	(32,423)	962
Actuarial (profit) loss on liability due to experience	10,150	37,097
Amount (profit) loss entered in OCI at the end of the financial year	(22,273)	38,059
Cumulative OCI amount	**162,790**	**185,063**

Changes in the present value of the liability		
Present value of liabilities at the beginning of the financial year	323,611	341,900
Cost of current service	44,448	41,472
Interest expenditure	1,472	1,649
Cost of past service	-	(6,007)
Cost of settlements/cutbacks/special cases	88,492	235,101
Benefits paid within the current year	(110,823)	(328,562)
Actuarial (profit) loss on liability	(22,273)	38,059
Present value of liabilities at the end of the financial year	**324,926**	**323,611**

Changes in balance sheet liability		
Net liability to be entered in the balance sheet at the beginning of the financial year	323,611	341,900
Expenditure to be entered in the profit and loss account statement	134,412	272,214
Benefits paid within the current year by the employer	(110,823)	(328,562)
Amount entered in OCI	(22,273)	38,059
Net Liability to be entered in the balance sheet at the end of the financial year	**324,926**	**323,611**

6.17. Provisions

	01.01-31.12.2022	01.01-31.12.2021
Long-term provisions	-	-
Short-term provisions	35,200	624,000
	35,200	**624,000**

In the year 2021, provisions were reclassified from long-term to short-term and relate to litigated cases as presented in paragraph 6.30.

6.18. Grants for assets

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

Government grants recognised in liabilities as future income relate to:

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

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

By decision reference no 77887/24.12.2014 of the Deputy Minister of Development & Competitiveness, the final disbursement of the grant for the amount stipulated under the investment programme of Law 3299/2004, relating to investments made during the period from 2008 to 2012, was approved. The final disbursement took place on 3rd September 2015.

(c) By the decision of the Development Management Company of Central Greece and Thessaly under reference no 962/31.03.2016, the final disbursement of the grant of the investment programme "EXTROVERSION - COMPETITIVENESS OF BUSINESSES II", relating to investments made during the period from 2013 to 2014, was approved. The grant amounted to the sum of € 48,970 and was received in the financial year 2016.

(d) By the decision of the Development Management Company of Central Greece and Thessaly under reference no 3355/22.11.2016, the final disbursement of the grant of the investment programme "AID FOR SMEs THAT ARE ACTIVE IN THE SECTORS OF PROCESSING-TOURISM-COMMERCE & SERVICES", relating to investments made during the period from 2013 to 2015, was approved. The grant amounted to the sum of € 37,438.80 and was received in the financial year 2017.

(e) Within the first half of 2020, the company was approved to be included in the subsidised investment programme "Digital Jump" for an amount of EUR 100,000, of which the sum of €78,314 relates to subsidies on investment goods, and the sum of €21,686 relates to subsidies on expenditure. Within 2020, the company received as an advance payment the amount of €40,000 and within the first half of 2021 it received an additional advance payment in the amount of €39,735.85.

(f) Within the first half of 2021, the company was approved to be included in the subsidised investment programme "Qualitative Modernisation" for an amount of €99,750, of which the sum of €85,750 relates to subsidies on investment goods, and the sum of €14,000 relates to subsidies on expenditure. Within 2021, the company received as an advance payment the amount of €79,800.

(g) Within 2021, the company was approved to be included in the subsidised investment programme "Aid to Medium-Sized Enterprises in Central Greece" for an amount of €371,903.95, of which the sum of € 366,653.95 relates to subsidies on investment goods, and the sum of €5,250 relates to subsidies on expenditure. Within the second half of 2021, the company received as an advance payment the amount of € 314,930.52.

Within the financial years 2022 and 2021, the account for grants to be recognised as income in future financial years was as follows:

Balance as at 1 January 2021	**1,385,689**
Grant receipt	452,404
Income recognised in the financial year	(161,587)
Balance 31.12.2021	**1,676,506**
Long-term balance of grants	1,522,769
Short-term balance of grants	153,737
Balance	**1,676,506**
Balance as at 1 January 2022	**1,676,506**
Grant receipt	428,292
Income recognised in the financial year	(175,300)
Balance 31.12.2022	**1,929,498**
Long-term balance of grants	1,762,169
Short-term balance of grants	167,329
Balance	**1,929,498**

6.19. Suppliers and other liabilities

Suppliers and other liabilities are broken down as follows:

	31.12.2022	***31.12.2021***
Suppliers (open balances)	15,888,065	12,358,638
Suppliers (Cheques payable)	172,775	-
Supplier Total	**16,060,840**	**12,358,638**
Sundry creditors	2,294,580	430,818
Liabilities from taxes-duties	423,583	315,243
Insurance Funds	272,129	233,998
Customer credit balances	220,547	424,224
Transitional liability accounts	761,166	580,902
Other Liabilities Total	**3,972,005**	**1,985,184**
Supplier and Other Liabilities Total	**20,032,845**	**14,343,823**

The increase in the above line items is due to the increase in the company's activity as well as the implementation of its investment plan.

6.20. Sales

Turnover (sales) is broken down as follows:

	1.1 - 31.12.2022	1.1 - 31.12.2021
Merchandise sales	1,277,475	278,613
Product sales	69,298,083	54,391,798
Sales of other inventories	172,772	98,210
Provision of services	1,045	-
Total	**70,749,375**	**54,768,621**

The growth in turnover can be attributed to the positive trajectory marked by all four product categories in which the Company is active.

6.21. Sales Cost

Sales cost is broken down as follows:

	1.1 -31.12.2022	1.1 - 31.12.2021
Merchandise cost	1,014,448	152,762
Product cost	52,437,565	36,842,655
Total	**53,452,013**	**36,995,416**

The increase in the above line items is due to the increase in the Company's activity but also the significant increase in the cost of materials, packaging materials and energy prices.

6.22. Other Operating Income

Other income for the financial year 2022 and 2021 is broken down as follows:

	2022	2021
Expenses collected	747,941	547,132
Exchange rate differences-income	65,625	17,255
Income from Previous Financial Years	-	8,366
Earnings from sale of fixed assets	617	11,262
Income from depreciation and amortisation of subsidies	175,300	161,587
Income from provisions for obsolescence of inventories	-	56,000
Income from reduction of provision for doubtful customers IFRS 9	15,336	-
Miscellaneous	721,081	30,714
	1,725,900	**832,316**

6.23. Other Operating Expenses

Other operating expenses for the financial years 2022 and 2021 are broken down as follows:

	2022	2021
Expenses from previous financial years	47,310	23,903
Provision for doubtful receivables	-	14,379
Losses from destruction of inventories	254,663	155,582
Provision for litigated disputes and future liabilities	-	78,800
Other extraordinary expenses	618,298	183,064
	920,271	**455,728**

6.24. Expenses by nature

The expenses for the financial years 2022 and 2021, which are allocated in the comprehensive income statement under the line items cost of sales, disposal expenses, administrative expenses and research and development expenses, are broken down by nature as follows:

	2022	2021
Purchases of and changes in inventories	42,615,084	29,026,477
Staff remuneration & expenses	7,384.185	6,401,641
Third party fees & expenses	3,022,331	2,483,053
Third party charges	4,783,756	2,852,206
Taxes - duties	341,502	296,677
Sundry expenses	6,286,525	5,390,740
Depreciation and Amortisation	2,171,224	1,747,418
Operating provisions	94,376	270,566
	66,698,983	**48,468,778**

Furthermore, for the financial year that ended on 31 December 2022, the Company's expenses broken down above include fees to the Company of Certified Accountants, in addition to the ordinary and tax audit, in the amount of approximately € 2 thousand for other assurance services.

The increase in expenses and purchases is mainly due to the increase in the Company's activity and the significant increase in the prices of materials, packaging materials and energy.

6.25. Financial cost – net

Net financial cost for the financial years 2022 and 2021 includes:

	01.01.-31.12.2022	01.01.-31.12.2021
Interest - expenses from bank loans	646,092	392,574
Assignment of receivables *	194,179	126,879
Interest expenditure on actuarial study	1,472	1,649
Other bank expenses	81,644	53,305
	923,387	**574,406**

(*) Relates to expenses for the assignment of customer receivables (without risk reduction) to factoring companies.

The average cost of bank borrowing (interest and expenses on bank loans / average monthly amount of bank loans) was 2.9% in the financial year 2022 and 2.7% in the financial year 2021.

6.26. Income Tax

The company's tax returns have either been examined by the tax authorities, or have been audited in accordance with Article 82(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 Auditor-Accountant with a conclusion of "unqualified".

It should also be noted that for the financial year 2022, the tax audit of the Company by independent certified auditors-accountants is in progress.
It should also be noted that within 2023 the Company received an order for a partial tax audit for the tax period 1/1/2018 - 31/12/2019 from the competent tax authorities.

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

	31.12.2022	31.12.2021
Earnings before taxes	3,932,634	6,103,242
Tax rate	**22%**	**22%**
Income tax (based on the applicable tax rate)	865,179	1,342,713
Tax reduction due to offsetting of tax losses of previous financial years	(222,639)	-
Loss of a subsidiary company for which no deferred income tax was recognised.	-	(268)
Other non-deductible expenses	110,712	-
Expenditure not recognised for discounting	87,583	97,907
Adjustment (reduction) of deferred taxes due to change in tax rates for future financial years.	-	(263,758)
Other taxes	96,422	-
Tax reported in the Profit and Loss Account Statement	**937,257**	**1,176,595**

6.27. Earnings per share

Earnings per share are calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of ordinary shares during the period.

By the decision of the Board of Directors dated 22.06.2022, following the exercise of stock options under a stock option plan available to the Company's personnel in accordance with Article 113 of Law 4548/2018, it was decided to increase the Company's share capital by €50,625 to €14,633,240.76, paid in cash by issuing 93,750 new ordinary registered shares with voting rights of a nominal value of €0.54 each.

The average weighted number of ordinary shares outstanding during the accounting period that ended on 31.12.2022 as well as the comparative period are shown in the following table:

	01.01-31.12.2022	**01.01-31.12.2021**
Earnings	2,995,376	4,926,647
Weighted average number of shares	27,054,532	27,030,402
Basic earnings per share	0.1107	0.1823

6.28. Remuneration and Expenses to Employees

The number of employees and their cost that burdened the profit and loss account in the financial years 2022 and 2021 were:

	01.01.-31.12.2022	**01.01.-31.12.2021**
Average number of persons	198	170
Persons at the end of the period	200	178
Ordinary Remuneration	6,994,322	6,068,526
Fringe benefits & expenses for staff	389,863	333,115
Total cost	**7,384,185**	**6,401,641**

6.29. Depreciation and Amortisation

The depreciation and amortisation of tangible fixed assets and intangible assets in the financial years 2022 and 2021, set out in sections 6.1 and 6.3, as well as the depreciation and amortisation of grants, set out in section 6.17, are summarised as follows:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Depreciation and amortisation of fixed assets	1,995,924	1,585,831
Depreciation and amortisation of grants	175,300	161,587
Total	**2,171,224**	**1,747,418**

6.30. Contingent liabilities, receivables and commitments

A) Pending court cases:

- The Company has brought an action against the decision no 56960/2009 of the Head of the NOM, by which an 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(1)(g) of Law 1316/1983), as well as an amount of EUR 408,833.99 as default interest (pursuant to Article 11(5) of Law 1316/1983) and an amount of EUR 81,971.57 as fines (pursuant to Article 11(3a) of Law 1316/1983), namely a total amount of EUR 695,734.53. The said action was dated 27.10.2009, bore the general filing no 41240/2009 and was brought before the Athens Administrative Court of First Instance. The action under filing no 41240/2009 brought before the Athens Administrative Court of First Instance was given a hearing date and was heard on 29.09.2016 (adjourned from 09.06.2016), and the decision no 5492/2017 of the 19th Chamber was issued, by which the case is referred to be heard before the Athens Administrative Court of Appeal. With regard to the action, decision no A439/31-1-2020 was issued, which again adjourned the hearing of the case to 4th June 2020 and finally decision no 504/2021, which accepted in part the company's action, annulled the decision 56960/30.07.2009 of the Chairman of the Board of Directors (BoD) of the National Organisation for Medicines (NOM) in so far as it imposed contributions, a late payment fine and default interest for the years 1988, 1989, 1990, 1991 and 1998, varied the same decision in so far as it relates to the years 1993, 1994, 1995, 1996 and 1997 and limited the differences in contributions owed to a total of € 122,616.62, plus a fine due to late payment, amounting to percentage of 40% of the amount of the contributions owed and default interest on the arrears, in so far as the relevant claims of NOM for interest were not subject to the five-year limitation period laid down in Article 250 of the Civil Code.
  Against this decision, the company lodged before the Council of State an appeal, which was assigned the filing no E2013/17.09.2021, while the fixing of its hearing date by the court is pending until today.

- An action has been brought by a former employee of the company, who is seeking recognition of the invalidity of the termination of his employment contract. The assessment of the Company's Management, based on the assessment of the lawyer handling the case, is that the case will have a positive outcome.

- There are litigated disputes of the Company against third parties. Any benefit arising will be recognised in the profit and loss account of the Company when realised.

There are no other litigated disputes or disputes under arbitration.

B) Unaudited Financial Tax Years

For the financial years 2017 to 2021 inclusive, the Company has received a Tax Compliance Report in accordance with Article 82(5) of Law 2238/1994 and Article 65A(1) of Law 4174/2013, without there being any material differences. Under Circular MO 1006/2016, companies that have been subject to the above special tax audit are not exempt from undergoing the regular audit by the competent tax authorities.

For the financial year 2022, the tax audit of the Certified Auditors-Accountants for obtaining a Tax Compliance Report is in progress and the relevant tax certificate is expected to be issued after the publication of the Financial Statements for the financial year 2022. Upon completion of the tax audit, management does not expect to incur any significant tax liabilities beyond those recorded and reflected in the financial statements.

Finally, it should be noted that within 2023 the Company received an order for a partial tax audit for the tax period 1/1/2018 - 31/12/2019 from the competent tax authorities.

6.31. Transactions with related parties

a) Intercompany transactions

There are no intercompany transactions.

b) Intercompany balances

There are no intercompany balances.

c) Transactions with key executive directors and Management members

	01.01-31.12.2022	01.01-31.12.2021
Executive members of the BoD and executive directors fees (on the basis of a special employment relationship)	595,785	671,497
Non-executive members of the BoD fees	55,936	44,963
	651,721	**716,460**

d) Receivables and liabilities with executive directors and Management members

	31.12.2022	31.12.2021
Liabilities from executive directors and management members resultant after rendering of accounts	-	354
Receivables from executive directors and management members resultant after rendering of accounts	242	-
Liabilities to executive directors and management members (from fees)	64,126	70,562

e) Balance retained by shareholders
There is no balance retained by shareholders.

6.32. Events after the Balance Sheet date

There are no significant events that occurred after the end of the financial year.

Vathy, Avlida, 6 April 2023

The Chairman of the BoD

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Georgios Gkatzaros

The Managing Director

____
Menelaos Tassopoulos

The Chief Financial Officer & Member of the BoD

____
Mary Iskalatian

The Head of Accounts

____
Alexandros Georgiadis