

# AGRIPOLYANE S.A.S.

## ANNUAL MANAGEMENT REPORT

The Management presents the annual report and audited financial statements of the Company for the year ended 31 December 2020.

### **Basis of preparation of the annual Financial Statements of the Company**

The balance sheet and the income statement as well as the annual report of our Company for 2020 have been drawn up and submitted in line with the principles determined by the French Accounting Standards.

Pursuant to the regulations, our annual report shall present the work and transaction flows of our Company pertaining to the respective financial year as well as the financial status thereof in all aspects by protecting the rights and the interests of our Company; enable our shareholders to have access on any information regarding the financial status of our Company completely and properly; evaluate the general properties of our Company's financial performance and financial status as well as the basic risks encountered by it and propound, through accounting and financial reporting data, that the activities and the services of our Company are performed in most efficient, reliable and uninterrupted manner.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the production of agricultural greenhouse film and multifunctional film for other applications, wholesale trade and international trade.

### **Continuity of activity**

These financial statements have been prepared based on the business continuity principle, which assumes that the Company will normally continue its activity in the foreseeable future without entering into a state of liquidation or significant reduction of the activity.

To assess the applicability of this presumption, management analyzes forecasts of future cash inflows. Based on these analyzes, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore, the application of the principle of continuity of activity in the preparation of the financial statements is justified.

### **Review of current position and performance of the Company's business**

The Turnover of the Company in 2020 was increased by 8.25 % to 28.35 million Euro from 26.19 million Euro in 2019. The Profits Before Taxes in 2020 increased to 1,697,928 Euro from 172,574 Euro the year before.

The sales volume was increased to 12,179 T during the year in scope from 10766 T in the previous year.

### **Main investments during the year**

No major investment was performed during the year 2020. The company is in preparation of substantial investments in 2021-2022.

## **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed here below:

### **Risk from the Use of financial instruments**

The Company is exposed to interest rate risk, credit risk and dividends from the financial instruments it holds.

#### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer and outstanding customer receivables are assessed and regularly monitored. The Company does not hold collateral as security.

#### **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

#### **Dividends**

The company doesn't return profits to its shareholders. All profits from the company's activities are re-invested for further development.

#### **Share Capital**

There were no changes in the share capital of the Company during the year under review.

### **Organization and development of internal control within the Company**

The purpose of internal control is to ensure the coherence of objectives, to identify the key success factors and to communicate to the Company's management, in real time, the information regarding the performances and perspectives.

The control activities are an integral part of the management process through which the Company aims to achieve the proposed objectives.

The control aims at applying the norms and procedures of internal control, at all hierarchical and functional levels: the decisional authority regarding the definition on hierarchical levels of the approvals, the evaluation of the operational performances, the security of the assets, the separation of the functions.

### **Board of Directors**

According to its Statutes, the Company does not have a Board of Directors.

Mr. Michail Lempidakis is the Chairman and Mr. Sotirios Droulias the General Director of the Company.

### **Events after the balance sheet**

Despite the pandemic of COVID 19 as declared in March 11, 2020 by the World Health Organization, the Company continued its operations normally adhering to strict regulations for health and safety. The demand for its products has remained stable and is continuing stable in 2021, despite the pandemic, because the sectors we are addressing, the agricultural economy and the plastics industry, have not been significantly affected.

Additionally to the above, the shortages in raw material supplies due to Forced Shut-downs (Force Majeure) of major raw material producers and the global transportation problems that transpired in the first quarter of 2021, have not affected the production and sales of the Company, that maintains stable raw material supply chains and a healthy demand for its products.

Overall, for the first quarter of 2021 (results 31/03/2021), the sales volume of the Company has increased by 25% compared to the same period of 2019, while the profits of the period have also increased. The demand for our products and the existing orders for the next two months are at normal levels for the season.

Therefore, according to the current circumstances, the continuing effects of the pandemic and the global shortage of raw materials, as they transpire in 2021 up to now, are not expected to have an impact on the continuation of business activities. As for the financial results of the Company, it is impossible at the current stage to provide a reliable estimate due to the uncertainties of the macroeconomic environment.

The Management monitors with special attention the developments. Also, none of the noticeable effects is considered as a later corrective event of the financial statements of 31.12.2020.

The President of the Board



Mr. Michail Lempidakis

April 11<sup>th</sup>, 2021