

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 2021.

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 2021 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 and bio-degradable mulching films 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, future developments and performance of the Company's business

The Turnover of the Company in 2021 was increased by +44 % to 41.29 million Euro from 28.65 million Euro in 2020. The Profits Before Taxes in 2021 increased to 2,233,932 Euro from 1,815,535 Euro the year before.

The sales volume was increased to 15 611 T during the year in scope from 12,179 T the previous year.

Main investments during the year

The major investments during the year 2021 were:

- The acquisition of our facilities from the municipal authorities. The total area of operations and the buildings are now 100% owned by Agripolyane.
- The innitaiation of roof replacements (removing of asbestos)

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 was an increase of the Shared Capital from 1.5million that it was before to 5.5million Euros

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

The company will proceed with new investments in a new tower and a new production completely automated line in 2022. The technical studies have been completed, the suppliers have been identified and the orders have been placed. The project is estimated to be completed and production from it to start in early 2023.

The President of the Board

Mr. Michail Lempidakis

April 21st, 2021

