



**EL PACK S.A.**

**Consolidated and Separate Financial Statements  
for the year ended 31 December 2020**

**According to the  
International Financial Reporting Standards**

The information contained in this Consolidated and Separate Financial Report has been translated from the original set of Consolidated and Separate Financial Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Consolidated and Separate Financial Report, the Greek language Consolidated and Separate Financial Report will prevail over this document.

**EL PACK S.A.**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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# Independent Auditor's Report

To the Shareholders of EL PACK S.A.

## **Report on the Audit of the Separate and Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying separate and consolidated financial statements of EL PACK S.A. (the Company), which comprise the separate and consolidated statement of financial position as at 31 December 2020, and the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Separate and Consolidated Financial Statements**

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as 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 influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated 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 for one 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the company and of its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with management 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.



### **Report on Other Legal and Regulatory Requirements**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

- a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the articles 150 and 153 of L. 4548/2018 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31/12/2020.
- b) Based on the knowledge we obtained during our audit of EL PACK S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 31 May 2021

**Kostas I. Roussos**

Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No. 16801

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EL PACK S.A.  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts in Euro thousands)

	Note	Group		Company	
		1 Jan. – 31 Dec. 2020	2019	1 Jan. – 31 Dec. 2020	2019
<b>Revenues:</b>					
Net sales	8	39,058	43,283	38,293	42,318
Cost of sales	6	(25,356)	(29,327)	(27,448)	(31,695)
<b>Gross profit</b>		<b>13,702</b>	<b>13,956</b>	<b>10,845</b>	<b>10,623</b>
Selling, general and administrative expenses	7	(8,125)	(7,959)	(7,286)	(7,091)
Other income	9	605	320	344	160
Other expenses	9	(1,291)	(757)	(526)	(378)
<b>Operating profit</b>		<b>4,891</b>	<b>5,560</b>	<b>3,377</b>	<b>3,314</b>
Net finance costs	10	(1,359)	(1,566)	(1,274)	(1,485)
<b>Profit / (Loss) before tax</b>		<b>3,532</b>	<b>3,994</b>	<b>2,103</b>	<b>1,829</b>
Income tax expense	11	(950)	(616)	(588)	(323)
<b>Profit / (Loss) for the period net of tax</b>		<b>2,582</b>	<b>3,378</b>	<b>1,515</b>	<b>1,506</b>
<b>Other comprehensive income / (loss)</b>					
<i>Other comprehensive income / (loss) to be reclassified in the statement of comprehensive income in subsequent periods (net of tax):</i>					
Other comprehensive income / (loss) to be reclassified in the statement of comprehensive income in subsequent periods (net of tax)		0	0	0	0
<b>Other comprehensive income / (loss) to be reclassified in the statement of comprehensive income in subsequent periods</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Other comprehensive income / (loss) not to be reclassified in the statement of comprehensive income in subsequent periods (net of tax):</i>					
Remeasurement losses on defined benefit plans	28	(87)	(11)	(70)	(8)
Income tax on other comprehensive income items that will not be reclassified	11	21	3	17	2
<b>Other comprehensive income / (loss) not to be reclassified in the statement of comprehensive income in subsequent periods</b>		<b>(66)</b>	<b>(8)</b>	<b>(54)</b>	<b>(6)</b>
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<b>(66)</b>	<b>(8)</b>	<b>(54)</b>	<b>(6)</b>
<b>Total comprehensive income / (loss) for the period, net of tax</b>		<b>2,516</b>	<b>3,370</b>	<b>1,462</b>	<b>1,499</b>
Net profit / (loss) attributable to:					
Equity holders of the parent company		2,283	2,854	1,515	1,506
Non-controlling interests		299	525	-	-
		<b>2,582</b>	<b>3,378</b>	<b>1,515</b>	<b>1,506</b>
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent company		2,221	2,846	1,462	1,499
Non-controlling interests		295	524	-	-
		<b>2,516</b>	<b>3,370</b>	<b>1,462</b>	<b>1,499</b>
<b>Earnings per share for profit attributable to the equity holders of the company, basic and diluted (expressed in € per share)</b>		<b>1.9673</b>	<b>2.4588</b>	<b>1.3056</b>	<b>1.2975</b>

The accompanying notes are an integral part of these Consolidated and Separate Financial Statements.

**EL PACK S.A.**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

(Amounts in Euro thousands)

	Note	Group		Company	
		1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
		2020	2019	2020	2019
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	35,860	36,378	19,889	19,961
Intangible assets	15	81	103	81	103
Goodwill	13	2,120	2,120	-	-
Investment property	16	982	1,007	-	-
Investment in subsidiaries	12	-	-	12,270	12,270
Investment in associates	17	750	750	750	750
Other non-current assets	18	133	250	133	166
<b>Total non-current assets</b>		<b>39,925</b>	<b>40,608</b>	<b>33,123</b>	<b>33,250</b>
<b>Current assets</b>					
Inventories	19	6,440	7,088	5,424	5,108
Trade accounts receivable	20	15,351	16,360	13,406	14,120
Prepayments and other receivables	21	3,115	3,216	1,892	1,378
Cash and cash equivalents	22	214	194	198	95
<b>Total current assets</b>		<b>25,120</b>	<b>26,858</b>	<b>20,920</b>	<b>20,700</b>
<b>Total Assets</b>		<b>65,045</b>	<b>67,465</b>	<b>54,043</b>	<b>53,951</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	23	3,482	3,482	3,482	3,482
Statutory reserve	24	802	659	563	488
Tax free reserves	24	5,682	5,682	5,682	5,682
Extraordinary reserves	24	1,504	1,504	605	605
Retained earnings		7,144	5,066	4,378	2,992
<b>Equity attributable to equity holders of the parent company</b>		<b>18,613</b>	<b>16,393</b>	<b>14,709</b>	<b>13,247</b>
Non-controlling interests		5,471	5,176	-	-
<b>Total Equity</b>		<b>24,085</b>	<b>21,569</b>	<b>14,709</b>	<b>13,247</b>
<b>Non-current liabilities</b>					
Long-term borrowings	26	18,638	16,173	15,690	15,538
Finance lease obligations	27	1,495	1,721	1,251	1,380
Other long-term liabilities		4	4	-	-
Provision for staff retirement indemnities	28	1,348	1,250	1,105	1,033
Deferred tax liabilities	11	4,672	4,842	2,475	2,601
<b>Total non-current liabilities</b>		<b>26,157</b>	<b>23,989</b>	<b>20,521</b>	<b>20,551</b>
<b>Current liabilities</b>					
Trade accounts payable	30	4,569	6,045	10,923	6,236
Short-term borrowings	31	1,982	9,167	1,982	9,167
Current portion of long-term borrowings	26	3,572	2,414	2,885	2,235
Current portion of finance lease obligations	27	463	470	366	377
Income tax payable		1,416	1,255	935	644
Accrued and other current liabilities	32	2,801	2,556	1,722	1,493
<b>Total current liabilities</b>		<b>14,804</b>	<b>21,907</b>	<b>18,813</b>	<b>20,153</b>
<b>Total Liabilities</b>		<b>40,961</b>	<b>45,896</b>	<b>39,334</b>	<b>40,704</b>
<b>Total Equity and Liabilities</b>		<b>65,045</b>	<b>67,465</b>	<b>54,043</b>	<b>53,951</b>

The accompanying notes are an integral part of these Consolidated and Separate Financial Statements.

EL PACK S.A.  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020**

	Group							
	Share capital	Statutory Reserve	Tax-Free and Special Reserves	Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total equity
<b>(Amounts in Euro thousands)</b>								
<b>Balance at 1 January 2019 prior IFRS 16 implementation</b>	3,249	557	4,837	1,504	2,868	13,016	4,652	17,668
Impact of IFRS 16 implementation	-	-	-	-	-	-	-	-
<b>Balance at 1 January 2019 post IFRS 16 implementation</b>	3,249	557	4,837	1,504	2,868	13,016	4,652	17,668
Net profit / (loss) for the period	-	-	-	-	2,854	2,854	525	3,378
Other comprehensive income / (loss)	-	-	-	-	(8)	(8)	(0)	(8)
Total comprehensive income / (loss)	-	-	-	-	2,846	2,846	524	3,370
Business absorption	232	-	844	-	(546)	531	-	531
Formation of statutory reserve	-	102	-	-	(102)	-	-	-
<b>Balance at 31 December 2019</b>	<b>3,482</b>	<b>659</b>	<b>5,682</b>	<b>1,504</b>	<b>5,066</b>	<b>16,393</b>	<b>5,176</b>	<b>21,569</b>
<b>Balance at 1 January 2020</b>	<b>3,482</b>	<b>659</b>	<b>5,682</b>	<b>1,504</b>	<b>5,066</b>	<b>16,393</b>	<b>5,176</b>	<b>21,569</b>
Profit / (loss) for the period	-	-	-	-	2,283	2,283	299	2,582
Other comprehensive income / (loss)	-	-	-	-	(63)	(63)	(4)	(66)
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,221</b>	<b>2,221</b>	<b>295</b>	<b>2,516</b>
Formation of statutory reserve	-	143	-	-	(143)	-	-	-
<b>Balance at 31 December 2020</b>	<b>3,482</b>	<b>802</b>	<b>5,682</b>	<b>1,504</b>	<b>7,144</b>	<b>18,613</b>	<b>5,471</b>	<b>24,085</b>

The accompanying notes are an integral part of these Consolidated and Separate Financial Statements.

**EL PACK S.A.**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Company</b>					<b>Total</b>
	<b>Share capital</b>	<b>Statutory Reserve</b>	<b>Tax-Free and Special Reserves</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	
<b>(Amounts in Euro thousands)</b>						
<b>Balance at 1 January 2019 prior IFRS 16 implementation</b>	<b>3,249</b>	<b>452</b>	<b>4,837</b>	<b>605</b>	<b>2,074</b>	<b>11,217</b>
Impact of IFRS 16 implementation	-	-	-	-	-	-
<b>Balance at 1 January 2019 post IFRS 16 implementation</b>	<b>3,249</b>	<b>452</b>	<b>4,837</b>	<b>605</b>	<b>2,074</b>	<b>11,217</b>
Net profit / (loss) for the period	-	-	-	-	1,506	1,506
Other comprehensive income / (loss)	-	-	-	-	(6)	(6)
Total comprehensive income / (loss)	-	-	-	-	<b>1,499</b>	<b>1,499</b>
Business absorption	232	-	844	-	(546)	531
Formation of statutory reserve	-	36	-	-	(36)	-
<b>Balance at 31 December 2019</b>	<b>3,482</b>	<b>488</b>	<b>5,682</b>	<b>605</b>	<b>2,992</b>	<b>13,247</b>
<b>Balance at 1 January 2020</b>	<b>3,482</b>	<b>488</b>	<b>5,682</b>	<b>605</b>	<b>2,992</b>	<b>13,247</b>
Profit / (loss) for the period	-	-	-	-	1,515	1,515
Other comprehensive income / (loss)	-	-	-	-	(54)	(54)
Total comprehensive income / (loss)	-	-	-	-	<b>1,462</b>	<b>1,462</b>
Formation of statutory reserve	-	75	-	-	(75)	-
<b>Balance at 31 December 2020</b>	<b>3,482</b>	<b>563</b>	<b>5,682</b>	<b>605</b>	<b>4,378</b>	<b>14,709</b>

The accompanying notes are an integral part of these Consolidated and Separate Financial Statements.

EL PACK S.A.  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts in Euro thousands)

	Note	Group		Company	
		1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
		2020	2019	2020	2019
<b>Cash flows from operating activities</b>					
Profit / (Loss) before tax		<b>3,532</b>	<b>3,994</b>	<b>2,103</b>	<b>1,829</b>
Adjustments to reconcile loss before tax to net cash flows:					
- Depreciation and amortization	5	2,098	1,962	1,221	1,126
- Provisions / Reversal of provisions	4,20	262	243	166	204
- Profit / (Loss) on revaluation of investment property		26	(76)	-	-
- Net foreign exchange differences		2	13	2	13
- Interest expense & Finance costs	10	1,357	1,553	1,272	1,472
- Other income		258	(12)	214	(5)
<b>Cash flows from operating activities before changes in working capital</b>		<b>7,535</b>	<b>7,677</b>	<b>4,978</b>	<b>4,640</b>
<b>(Increase) / Decrease in:</b>					
Inventories		648	(1,225)	(317)	(989)
Trade accounts receivable		890	925	681	1,328
Prepayments and other receivables		246	123	(142)	102
<b>Increase / (Decrease) in:</b>					
Trade accounts payable		(1,475)	(358)	4,687	132
Accrued and other current liabilities		242	(632)	243	(595)
<b>Changes in working capital</b>		<b>551</b>	<b>(1,166)</b>	<b>5,153</b>	<b>(24)</b>
Interest paid		(1,316)	(1,553)	(1,249)	(1,468)
Income tax paid		(968)	(1,286)	(745)	(453)
Payments of staff retirement indemnities	28	(132)	(120)	(132)	(109)
<b>Net cash generated from operating activities</b>		<b>5,670</b>	<b>3,552</b>	<b>8,005</b>	<b>2,586</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, associates, joint-ventures and other investments		-	-	-	-
Net cash inflows due to merger/absorption		-	12	-	12
Capital expenditure for property, plant and equipment (PPE) and intangible assets	14	(1,859)	(2,600)	(1,368)	(1,400)
Proceeds from disposal of property, plant and equipment (PPE)		61	80	46	66
Interest and other related income received		-	0	-	0
<b>Net cash flows used in investing activities</b>		<b>(1,798)</b>	<b>(2,508)</b>	<b>(1,321)</b>	<b>(1,322)</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest bearing loans and borrowings		6,000	-	3,000	-
Repayments of interest bearing loans and borrowings		(9,601)	(1,695)	(9,422)	(1,559)
Proceeds from new lease agreements		300	978	300	483
Repayment of lease obligations		(551)	(329)	(458)	(268)
<b>Net cash flows (used in) / from financing activities</b>		<b>(3,852)</b>	<b>(1,046)</b>	<b>(6,580)</b>	<b>(1,343)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20</b>	<b>(1)</b>	<b>103</b>	<b>(79)</b>
<b>Cash and cash equivalents at beginning of the year</b>	22	<b>194</b>	<b>195</b>	<b>95</b>	<b>174</b>
<b>Cash and cash equivalents at end of the year</b>	22	<b>214</b>	<b>194</b>	<b>198</b>	<b>95</b>

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

## NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

“EL PACK S.A.” (hereinafter referred to as “Company”) was founded on August 22<sup>nd</sup>, 1986. References to the “Company” or “EL PACK” include, unless otherwise stated, “EL PACK S.A.” and its consolidated subsidiary “FTHIOTIS PAPERMILL S.A.”.

The main activity of “EL PACK S.A.” is the production of corrugated cardboard and carton boxes. “FTHIOTIS PAPERMILL S.A.” is active in the production of recycled packaging paper and constitutes the primary raw material supplier of EL PACK, within the context of vertical integration strategy implemented by the Group.

The Company's headquarters are located in the Municipality of Athens and specifically the leased offices are at 31-33, Athinon Avenue, 104 47. The Company has three production units in Patras, Thebes and Kapandriti. The primary manufacturing facilities, of total area 17 thousand m<sup>2</sup> are situated in the Industrial zone of Patras, on a 53 thousand m<sup>2</sup> owned land. The second production unit, area 8 thousand m<sup>2</sup> on a 24 thousand m<sup>2</sup> owned land, is located in Kapandriti Attiki. The third production unit has 6 thousand m<sup>2</sup> covered facilities in a 25 thousand m<sup>2</sup> plot in Thebes.

The Group's average number of employees for the year ended 31 December 2020 amounts to 297 employees (237 for the Company), while at 31 December 2019, the respective number of staff was 306 employees (246 for the Company).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & BASIS OF PRESENTATION

#### A. *Basis of Preparation of Financial Statements*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including the International Accounting Standards (IAS) and interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (“EU”).

The consolidated financial statements have been prepared on a historical cost basis, other than investment property measured at fair value in accordance with IAS 40.

All amounts in the financial statements are presented in Euro thousands and are rounded to the nearest thousand (€000), unless otherwise stated. Due to rounding, numbers presented throughout the financial statements and notes may not add up precisely to the totals provided.

#### B. *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The statement of comprehensive income (component of the statement of income) and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests presenting a deficit. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership of a subsidiary, without a loss of control, is accounted for as an equity transaction. Subsidiaries acquired in a common control transaction are accounted for in a manner similar to a pooling of interest.

If the Group loses control over a subsidiary, then:

1. it derecognizes the related assets (including goodwill) and the liabilities of the subsidiary,
2. it derecognises the non-controlling interest and other components of equity while,
3. any resultant gain or loss is recognized in profit or loss and any investment retained is recognized at fair value.

The complete list of the consolidated subsidiaries together with the related effective participation interests is presented in Note 12.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

### **C. Investments in associates**

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Investments in associates are consolidated using the equity method, these are initially recognized in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. Actually, they represent the fair value of the Group's share in the associates' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether there is any indication that an investment in associate may be impaired. If any indication exists, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognized in prior years is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

The Group's share from the acquisition of its associates is recognized in the income statement, and the share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has assumed relevant liabilities or has made payments on behalf of the associate.

Significant profits and losses from the transactions carried out between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Associates' accounting policies have been modified where necessary and practicable, to conform to the accounting policies adopted by the Group.

Profits and losses resulting from partial disposals of investments in associates are recognized in the income statement. As regards loss of significant influence over an associate, the Group adjusts at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of the influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value determined on initial recognition as a financial asset under IAS 39.

### **D. Summary of Significant Accounting Policies**

#### **a) Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The acquisition cost is measured as the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the

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acquirer shall measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

At the acquisition date, the Group assesses the acquired assets and liabilities assumed for their appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives from its host contract by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured by the Group at its acquisition date fair value and any resulting gain or loss is recognized in statement of comprehensive income (income statement component).

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Where a change in the fair value of contingent consideration, presumed to be an asset or liability, shall be recognised in accordance with IAS 39 either in profit or loss or as a change in Other Comprehensive Income. If the contingent consideration is classified as an item of equity and does not fall within the scope of IAS 39, then it shall not be measured until its final settlement through equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognised in the profit and loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### ***b) Classification of assets and liabilities***

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- expected to be realised or intended to be sold or be consumed in its normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

**c) Revenue recognition:**

Revenue is the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (value-added tax, other sales taxes etc.). Revenue is recognized when (or as) a performance obligation is satisfied by transferring the control of a promised good or service to the customer. A customer obtains control of a good or service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Control is transferred over time or at a point in time.

Revenue from the sale of goods is recognized when control of the good is transferred to the customer, usually upon delivery and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue arising from services is recognized in the accounting period in which the services are rendered, and it is measured using either output methods or input methods, depending on the nature of service provided.

A receivable is recognized when there is an unconditional right to consideration for the performance obligations to the customer that are satisfied. A contract asset is recognized when the performance obligation to the customer is satisfied before the customer pays or before payment is due, usually when the goods or services are transferred to the customer before the Group (or the Company) has a right to invoice. A contract liability is recognized when there is an obligation to transfer goods or services to a customer for which the Group (or the Company) has received consideration from the customer (prepayments) or there is an unconditional right to receive consideration before the Group or the Company transfers a good or a service (deferred income). The contract liability is derecognized when the promise is fulfilled and revenue is recorded in the profit or loss statement.

Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease term.

Interest income is recognized using the effective interest method. If there is an impairment of loans or receivables, their carrying value is reduced to their recoverable amount, which is the present value of the future cash flows discounting with the initial effective interest rate. Afterwards, the interest income is recognized with the same interest rate (the initial effective interest rate) multiplied with the impaired (new carrying) value.

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Dividend income is recognized when the right to receive the payment is established.

**d) Government Grants:**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Amortisation is included in the cost of sales in the consolidated statement of comprehensive income (income statement component).

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and realised in the profit or loss over the expected useful life in benefit of the underlying asset by equal annual instalments.

**e) Taxes:**

**Current income tax:** Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax:** Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of comprehensive income (income statement component) is recognised outside the statement of comprehensive income (income statement component). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

#### **f) Foreign Currencies:**

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to income statement reflects the amount that arises from using this method.

**Transactions and balances:** Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange in force at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income (income statement component) with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in Other Comprehensive Income until the net investment is disposed, at which time the

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cumulative amount is reclassified to the statement of comprehensive income (income statement component). Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the Other Comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or statement of comprehensive income (income statement component) are also recognised in Other Comprehensive Income or statement of comprehensive income (income statement component), respectively).

### **g) Property, Plant and Equipment**

Land is measured at cost. Construction in progress, buildings, installations, machinery and mechanical equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the machinery and equipment when that cost is incurred, if the recognition criteria are met. The transportation means, furniture and other equipment are measured at cost, net of accumulated depreciation and any impairment.

Property, plant and equipment includes: land, own-used buildings, leasehold improvements, furniture and other equipment, and transportation means. Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income, when the asset is derecognised.

**Depreciation:** Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The assets' residual values and useful lives are reviewed at each financial year end and adjusted prospectively, if appropriate. The rates used are as follows:

<b>Classification</b>	<b>Annual Depreciation Rates</b>
Buildings	2% - 5%
Machinery and equipment	5% - 15%
Transportation equipment	4% - 20%
Furniture and fixtures	5% - 20%

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## **h) Leases**

### **Where the Company is the lessee**

The Company recognizes a right of use asset and a lease liability at the start of the lease. A right of use asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at the start of the lease, any prepaid lease payments less any lease incentives received, any initial direct costs and the estimate of the cost arising from the obligation for restoration of the asset.

After initial recognition, the right of use asset is measured at cost less any accumulated depreciation and impairment loss and adjusted for any revaluation of the lease liability.

The right-of-use asset is amortised by the straight-line method until the end of the lease term, unless the contract provides for a transfer of ownership of the underlying asset to the Company at the end of the lease term. In this case the right of use asset is amortised over the useful life of the underlying asset. In addition, the right-of-use asset is tested for impairment loss, if any, and adjusted where the lease liability is adjusted.

A lease liability at initial recognition consists of the present value of the remaining lease payments. The Company to discount the remaining future lease payments uses the imputed interest rate of the lease and where this cannot be determined, uses the single interest borrowing rate (IBR).

The lease payments included in the measurement of the lease liability include the following:

- fixed payments,
- variable payments that depend on a index or an interest rate,
- amounts expected to be paid on the basis of residual value guarantees,
- the exercise price of the purchase right which the Group estimates it will exercise and penalties for termination of lease, if in the determination of the lease term has been taken into account the exercise of the right of termination by the Group.

After the start of the lease term, the lease liability is reduced by the lease payments, increased by the finance expense and re-evaluated for any revaluations or modifications to the lease. Revaluation is made when there is a change in future lease payments that may result from the change in an index or if there is a change in the Group's estimate of the amount expected to be paid for a residual value guarantee, a change in the term of the lease contract and a change in the assessment of the exercise of the purchase right of the underlying asset, if any. When the lease liability is adjusted, a corresponding adjustment to the carrying amount of the right of use asset is made or is recorded in profit or loss when the carrying amount of the right of use asset is reduced to zero.

According to the policy chosen by the Company, right-of-use assets are not recognized on a distinct line in the Balance Sheet, but are classified in the items in which they would be presented if they were privately owned and the notes disclose in detail in which items of the statement of financial position they are included.

The lease liability is recognised separately from the other liabilities in the items "Long-term lease liabilities" and "Short-term lease liabilities ". In cases where the company operates as intermediate

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lessor under an operating lease the right-of-use asset that relates to the main contract is included in the category "Investment property".

The Company chose to make use of the exemption provided by IFRS 16 and not to recognize right of use asset or lease liability for the leases with a remaining lease term of less than 12 months or for leases in which the underlying asset is of low value (value less than € 5,000 when new).

### **Where the Company is the lessor**

- Finance leases: In the case of finance lease agreements, in which the Company operates as a lessor, the total amount of lease payments, provided for in the lease agreement, is classified in the category of loans and receivables from customers. The difference between the present value (net investment) of the leases/rents and the total amount of leases/rents is recognised as unearned interest and it is shown in deduction from the receivables. Rental receipts reduce the total rent receivable, while financial income is recognised on an accrual basis. Receivables from finance leases are tested for impairment, in accordance with IFRS 9.
- Operating leases: In the case of operating leases, the Group classifies the leased asset as an item of Assets, performing depreciation based on its useful life. The amounts of rents corresponding to the use of the leased fixed asset are recognised as income, in the category other income, on an accrual basis.

Where the company is an intermediate lessor, it evaluates the classification of the sublease by referring to the right of use of the principal lease, i.e. the Company compares the terms of the principal lease with those of the sublease. On the contrary, if the principal lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease. In this case, the Company recognizes the amounts of rents, corresponding to the sublease of the leased fixed asset as income, in the category other income, on an accrual basis.

### ***i) Borrowing costs***

The Group applies IAS 23 "Borrowing costs", according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that: a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

### ***j) Intangible Assets***

Intangible assets acquired separately are measured on the initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated

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amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Software is amortised over an eight to ten years period. The amortisation expense on intangible assets with finite lives is recognised in the statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income (income statement component) when the asset is derecognised.

#### ***k) Investment property***

Property that is held for long-term rental yields and/or capital gain and is not occupied by the subsidiaries of the Parent Company or the Group are classified as investment property. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease. A property interest that is held by a lessee under a finance lease may be classified and accounted for as investment property if and only if the definition of investment property is met. Investment property is measured initially at cost including related transaction costs. After the initial recognition, investment property is carried at fair value, as this is estimated by a valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

If this information is not available, the following valuation methods are used:

- **Comparable method:** According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.
- **Residual value:** This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

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- Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization. The two estimates, the one for the market value of the plot and the other for the reproduction cost provisions for natural wear and tear, are offset resulting in the current value of the property under valuation.
- Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate. These valuations are reviewed annually by valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

The fair value of investment property that is not estimated by valuers is determined using a methodology based on valuations that have been carried out. Changes in fair value are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

### ***l) Financial Instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and subsequent measurement**

From 1 January 2018, the financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on

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the financial asset's contractual cash flow characteristics and the business model within which the financial asset is held.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI criterion and is performed at financial instrument level.

For the purpose of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets that are classified as measured at fair value through profit or loss or through other comprehensive income are initially recognised at fair value and in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss or in the statement of OCI respectively.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

#### Impairment of financial assets

The Group and the Company assess at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

The Group and the Company recognize an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit

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exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, at each reporting date, the Group and the Company measure the loss provision for a financial instrument at an amount equal to the expected lifetime credit losses without monitoring the changes in credit risk.

#### Derecognition of financial assets

A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group or the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Financial liabilities**

#### Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition

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of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

### **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group or the Company has a legally enforceable right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### ***m) Inventories***

Inventories are valued at the lower of cost and net realisable value. The cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and processing, and comprises raw materials, labour, overheads (based on normal operating capacity but excluding borrowing costs), and packaging costs. The cost of raw materials and finished goods is determined using the weighted average cost. The net realizable value of finished and semi-finished goods is the estimated selling price in the Group's ordinary course of business, less estimated costs necessary to make the sale. The net realizable value of raw materials is the estimated replacement cost in the Group's ordinary course of business. Provision for slow moving or obsolete inventories made when necessary, while decreases in the net realizable value and losses on inventories are expensed in the period in which these reductions and the damage incurred.

### ***n) Impairment of non-financial assets***

With the exception of goodwill which is tested for impairment at least annually (31 December of each year), the carrying values of other non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, impairment loss is recorded in the income statement. The recoverable amount is determined as the higher of the fair and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction is a transaction in which participating parties have full knowledge and participate voluntarily, after deducting any direct disposal costs and the value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

For the purposes of assessing impairment, assets are grouped at the lowest level of which there are separately identifiable cash flows. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows generated by other assets or groups of assets. During the verification process of that cash inflows from an asset or group of assets is largely independent, results in the Group take into account many factors in determining the level of cash generating unit, including the management, marketing, manufacturing strategy, the way decision making by management regarding the continuation or disposal of assets, the nature and conditions of the contractual arrangements and the actual and projected employment of these assets. Based on the above, the Group is able to identify the CGU per product group.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

#### ***o) Cash and cash equivalents***

The Group considers time deposits, cash in bank, as well as other highly liquid investments, with an initial maturity of less than three months, as cash equivalents.

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of cash and bank deposits as well as cash and cash equivalents as specified above.

#### ***p) Provisions for Staff Retirement Indemnities***

The Group and the company maintain defined benefit plans in Greece, with the cost of indemnities determined using the Projected Unit Credit Method.

The revised IAS 19 introduces a number of changes to the accounting for defined benefit plans, including actuarial gains and losses, which are now recognized in OCI and permanently excluded from profit or loss. Also, the expected returns on plan assets are no longer recognized in profit or loss, and there is interest identification requirement for the net liability (or asset), calculated using the discount rate used to measure the defined benefit obligation. The unvested past service costs are now recognized in profit or loss, at the earliest between the date of the modification and the date of recognition of the cost of the relevant restructuring or termination. Further analysis of the plans is included in note 28.

#### ***q) Provisions and Contingencies***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Provisions are restated on the date of the financial statements, and adjusted to represent the current value of the expense expected to be required for the repayment of the liability.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Contingent liabilities and

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receivables are not recognized in the financial statements but are disclosed unless there is no likelihood of an outflow or inflows are likely resources respectively.

#### ***r) CO<sub>2</sub> Emission Rights***

The Group has adopted the net liability approach to the emission rights granted, based on which the Group recognises a liability only when actual emissions exceed the emission rights granted and still held, and has chosen to measure the net liability on the basis of the time period for which it has an irrevocable right on cumulative emissions rights received. Emission rights acquired in excess of those required to cover its shortages are recognised as an intangible asset. Proceeds from the sale of granted emission rights are recorded as a reduction in cost of sales. As at 31 December 2020, the Group exceeded these rights and in the year 2021, these shortages were fully covered, according to the European legislation. With respect to the period 2021 - 2025 and according to the European legislation currently in force, it is estimated that the Group will not face a significant shortfall of rights of emissions of carbon dioxide (CO<sub>2</sub>) allowances in the near future.

#### ***E. Critical accounting estimates and assumptions***

The preparation of the consolidated financial statements of the Group requires the management to make estimates, judgments and assumptions in order to select the most suitable accounting principles in relation to the future development of events and transactions. These estimates, judgments and assumptions are reviewed periodically in order to meet the current facts and reflect the current risks based on Management's historical experience and at the levels of such transactions and events.

The critical assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group.

##### ***1) Allowance for doubtful accounts receivable***

The Group's management periodically reassesses the adequacy of the impairment provision for expected credit losses according to the provisions of IFRS 9. To this end the Group has established a provision matrix that is based on the Group's historical credit loss experience, information on days past due for groupings of various customer segments with similar characteristics, existing collaterals, reasonable and supportable information that is available at the reporting date about past events, current conditions, forecasts of future economic conditions, in addition with specific information for particular receivables.

##### ***2) Provision for income taxes***

According to IAS 12, income tax provisions are based on estimations regarding the taxes that will be paid to the tax authorities and include the current income tax for each fiscal year, the provision for additional taxes, which may arise from future tax audits and the recognition of future tax benefits. The finalisation of income taxes may be different from the relevant amounts, which are included in these consolidated financial statements.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

### **3) Depreciation rates and useful lives**

The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual useful lives of these assets can vary depending on several factors such as technological innovation and maintenance programs (Note 2).

### **4) Impairment of property, plant and equipment**

Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the calculation of the value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

### **5) Deferred tax assets**

Deferred tax assets are recognised for all tax losses to the extent that it is likely that there will be sufficient taxable profits to be set off against such tax losses. Critical management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 11.

### **6) Provisions for staff retirement indemnities**

The amount of the provision for staff retirement indemnities is determined using actuarial valuations. An actuarial valuation include the establishment of assumptions about the discount rate, the rate of future salary increases of employees and the increase in the consumer price index and the expected remaining working life. The assumptions used involve significant uncertainty and the Group's Management continuously re-assesses them. Further details are given in Note 28.

### **7) Goodwill impairment**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make estimates of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 13).

### **8) Provision for net realizable value of inventories**

The provision for net realizable value of inventories represents management's best estimate, based on historic sales trends, assessment on quality and volume and ruling selling prices, of the extent to which the stock on hand at the reporting date will be sold below cost.

## **F. Approval of Financial Statements**

The Consolidated and Separate Financial Statements were approved on 23 April 2021 by the Board of Directors of EL PACK S.A. for the year ended 31 December 2020.

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### 3. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

#### **A. New and revised standards and interpretations mandatory for the current financial year, adopted by the Group and the Company at 1 January 2020**

The following amendments and interpretations to existing standards applied for the first time in the year 2020 had no impact on the financial statements of the Group and the Company.

**IFRS 3 (Amendment) “Business Combinations”:** The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other parties. It also clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create. Finally, it introduces an optional test that provides a simplified assessment of whether an acquired set of activities and assets is not a business (the concentration test).

**Conceptual Framework in IFRS Standards:** In 29 March 2018, the IASB issued the revised Financial Reporting Conceptual Framework. The conceptual framework defines a comprehensive set of concepts for financial reporting. These concepts contribute to standard setting, guiding preparers of financial reports to develop consistent accounting policies and supporting them in their efforts to understand and interpret standards. The IASB has also issued a separate accompanying document, "Amendments to References to the Conceptual Framework in IFRS Standards", which sets out the amendments to the affected standards in order to update the references to the revised conceptual framework. The purpose of the document is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

**IAS 1 and IAS 8 (Amendments) “Definition of Material”:** The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

**IFRS 9, IAS 39 and IFRS 7 (Amendments) “Interest Rate Benchmark Reform”:** The amendments change certain requirements relating to hedge accounting to provide a facilitation of the potential impact of the uncertainty caused by the change in the reference rates. In addition, the amendments require entities to provide additional information to investors about their hedge relationships, which are directly affected by these uncertainties.

**IFRS 16 Leases (Amendment) “Rent concessions related to the Coronavirus epidemic”:** On 28 May 2020, the International Accounting Standards Board (IASB) published “COVID-19 Related Rent Concessions (Amendment to IFRS 16)” amending the standard to provide lessees with relief in the form of an optional exemption from accounting for any reductions in lease payment as a lease modification if they are a direct consequence of COVID-19 and meet certain conditions. The amendment does not affect lessors.

The amendment is applicable for annual periods beginning on or after 1 June 2020. Early application is permitted, including financial statements interim or annual not yet authorised for issue at 28 May 2020.

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## **B. Standards and Interpretations mandatory for subsequent periods**

Specific new standards, amendments to existing standards and interpretations are effective for subsequent periods and have not been applied in preparing these consolidated financial statements. The Group and the Company are currently assessing the impact of the new standards and amendments on their financial statements.

**IFRS 17 “Insurance Contracts” and Amendments to IFRS 17** (it applies for annual accounting periods beginning on or after 1 January 2023): The International Accounting Standards Board issued in May 2017 the IFRS 17, which, together with the amendments to IFRS 17 issued in June 2020, supersedes IFRS 4 “Insurance Contracts”. IFRS 17 establishes the principles for the recognition, measurement and presentation of insurance contracts within the scope of the Standard as well as the related disclosures. Its objective is to ensure that an entity provides relevant information that faithfully represents these contracts. The new standard solves the compability problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been adopted by the EU.

**IFRS 4 (Amendment) “Postponement of temporary exception from the application of IFRS 9”** (it applies for annual accounting periods beginning on or after 1 January 2021): The amendment defers the fixed expiry date for the temporary exemption in IFRS 4 "Insurance contracts" from applying IFRS 9 "Financial Instruments", so that entities are required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

**IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) “Interest rate Benchmark Reform - Phase 2”** (it applies for years beginning on or after 1 January 2021): The amendments complement those issued in 2019 and focus on the impact on financial statements when a company replaces the old reporting rate with an alternative reporting rate as a result of the restatement. In particular, the amendments concern how a company will account for changes in the contractual cash flows of financial instruments, how to account for changes in its compensation relationships, and the information it needs to disclose.

**IAS 16 (Amendment) “Own-used property, plant and equipment - Proceeds before intended use”** (it applies for annual accounting periods beginning on or after 1 January 2022): The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. It also requires entities to disclose separately the amounts of revenue and expenses associated with such produced items that are not the result of the normal activity of the entity. The amendment has not yet been adopted by the EU.

**IAS 37 (Amendment) “Onerous contracts - Cost of fulfilling a contract”** (it applies for annual accounting periods beginning on or after 1 January 2022): The amendment clarifies that “the cost of fulfilling a contract” comprises the costs that relate directly to the contract and the allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before recognising a separate provision for an onerous contract, an entity shall recognise any impairment loss to the assets used to fulfil the contract, and not to assets that were devoted only to that contract. The amendment has not yet been adopted by the EU.

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**IFRS 3 (Amendment) “Reference to the Conceptual Framework”** (it applies for annual accounting periods beginning on or after 1 January 2022): The amendment updated the standard to refer to the Financial Reporting Conceptual Framework issued in 2018, when it is necessary to determine what constitutes an asset or liability in a business combination. In addition, an exception was added for certain types of liabilities and contingent liabilities acquired in a business combination. Lastly, it is clarified that the acquirer must not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been adopted by the EU.

**IAS 1 (Amendment) “Classification of liabilities as current or non-current”** (it applies for annual accounting periods beginning on or after 1 January 2023): The amendment clarifies that liabilities are classified as current or non-current liabilities based on the rights in force at the end of the reporting period. The classification is not affected by the entity's expectations or by events after the reporting date. In addition, the amendment clarifies the meaning of the term “settlement” of a liability in IAS 1. The amendment has not yet been adopted by the EU.

**Annual improvements to IFRSs 2018-2020** (applicable for annual periods beginning on or after 1 January 2022): The amendments, which presented below include changes in particular IFRSs. The amendments have not yet been adopted by the EU.

**IFRS 9 “Financial Instruments”**: The amendment examines which costs should be included in the 10 per cent (10%) test for derecognition of financial liabilities. The associated costs or fees include third-party costs or fees together with those costs or fees payable to the lender. According to the amendment, the costs or fees paid to third parties will not be included in the 10 per cent (10%) test

**IFRS 16 “Leases”**: The amendment removed the example for payments by the lessor on rent improvements in illustrative example 13 of the standard in order to remove any potential confusion regarding the treatment of lease incentives.

#### 4. PAYROLL FEES AND EXPENSES

Payroll fees and expenses in the accompanying financial statements are analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.	1 Jan. – 31 Dec.	1 Jan. – 31 Dec.	1 Jan. – 31 Dec.
	2020	2019	2020	2019
Wages and salaries	7,087	6,817	5,830	5,580
Social security costs (Note 28)	1,492	1,570	1,167	1,215
Other staff costs	221	60	198	45
Provision for staff retirement indemnities (Note 28)	143	146	133	130
<b>Total payroll:</b>	<b>8,943</b>	<b>8,593</b>	<b>7,328</b>	<b>6,970</b>
Less: amounts charged to cost of production	(4,364)	(4,368)	(3,199)	(3,197)
<b>Payroll expense charged on other functions (Note 7)</b>	<b>4,579</b>	<b>4,225</b>	<b>4,129</b>	<b>3,773</b>

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**5. DEPRECIATION AND AMORTISATION**

Depreciation and amortisation in the accompanying financial statements is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Depreciation of property, plant and equipment (Note 14)	2,069	1,933	1,192	1,097
Amortisation of intangible assets (Note 15)	29	29	29	29
<b>Total Depreciation and amortization</b>	<b>2,098</b>	<b>1,962</b>	<b>1,221</b>	<b>1,126</b>
Less: Amounts charged to cost of production	(1,837)	(1,623)	(1,043)	(869)
<b>Depreciation and amortisation expense charged on other functions (Note 7)</b>	<b>261</b>	<b>339</b>	<b>177</b>	<b>257</b>

**6. COST OF SALES**

Cost of sales in the accompanying financial statements is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Changes in inventories of finished, semi-finished goods and work in progress	(501)	(186)	(130)	(92)
Cost of raw materials and other consumables	14,486	16,380	20,914	23,649
Cost of goods	240	1,953	240	1,955
Payroll and related costs (Note 4)	4,364	4,368	3,199	3,197
Third party fees and services	788	767	563	510
Depreciation and amortisation (Note 5)	1,837	1,623	1,043	869
Shipping and handling costs	399	508	202	189
Taxes - duties, other than income taxes	100	49	100	49
Utilities	1,865	2,110	335	443
Repair and maintenance costs	1,065	980	661	533
Insurance premiums	214	188	109	96
Other expenses	497	587	210	296
	<b>25,356</b>	<b>29,327</b>	<b>27,448</b>	<b>31,695</b>

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative expenses in the accompanying financial statements are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Payroll and related costs (Note 4)	4,579	4,225	4,129	3,773
Third party fees and services	663	624	617	583
Depreciation and amortisation (Note 5)	261	339	177	257
Shipping and handling costs	1,737	1,863	1,713	1,829
Taxes - duties, other than income taxes	282	299	123	131
Utilities	53	50	50	46
Repair and maintenance costs	163	141	121	100
Insurance premiums	128	109	118	98
Other expenses	259	308	237	273
	<b>8,125</b>	<b>7,959</b>	<b>7,286</b>	<b>7,091</b>

The above expenses are broken down into administrative expenses and distribution costs as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Selling expenses	3,877	3,923	3,463	3,484
General and administrative expenses	4,248	4,037	3,823	3,606
	<b>8,125</b>	<b>7,959</b>	<b>7,286</b>	<b>7,091</b>

**8. NET SALES**

The net sales in the attached financial statements are broken down as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Sales of goods	279	1,990	279	1,992
Sales of products and by-products	37,980	40,464	37,216	39,507
Sales of other inventories	799	829	797	819
<b>Total</b>	<b>39,058</b>	<b>43,283</b>	<b>38,293</b>	<b>42,318</b>

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**9. OTHER INCOME - EXPENSES**

Other income / (expenses) in the accompanying financial statements are analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2020	2019	2020	2019
Grants - Subsidies	117	-	66	-
Income from insurance indemnities	-	1	-	-
Rental income	26	28	16	11
Gains on disposal of property, plant and equipment	-	12	-	5
Reimbursements - Discounts on previous years electricity consumption	184	58	-	-
Reversal of provisions & write-offs related to doubtful receivables	124	127	124	127
Gain on revaluation of investment property (Note 16)	-	76	-	-
Commissions received	3	3	2	3
Other	152	15	136	14
<b>Other income</b>	<b>605</b>	<b>320</b>	<b>344</b>	<b>160</b>
Taxes, fines and penalties	(24)	(45)	(4)	(4)
Losses on destruction of inventories	(410)	(201)	(121)	(133)
Indemnities, forfeiture of guarantees etc.	(17)	-	(17)	-
Loss on revaluation of investment property (Note 16)	(26)	-	-	-
Losses on disposal of property, plant and equipment	(258)	-	(214)	-
Provision for doubtful debts	(86)	(97)	-	(73)
Write-off/derecognition of other receivables	(410)	(306)	(157)	(93)
Other expenses	(60)	(108)	(13)	(75)
<b>Other expenses</b>	<b>(1,291)</b>	<b>(757)</b>	<b>(526)</b>	<b>(378)</b>
<b>Total other income - expenses</b>	<b>(686)</b>	<b>(437)</b>	<b>(182)</b>	<b>(218)</b>

**10. FINANCE COSTS AND NET FOREIGN EXCHANGE DIFFERENCES**

The finance costs in the accompanying financial statements are analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2020	2019	2020	2019
Interest on long-term borrowings (Note 26)	(844)	(893)	(777)	(850)
Interest on short-term borrowings (Note 31)	(80)	(106)	(80)	(106)
Interest payable to suppliers	-	(17)	-	(5)
Other finance expenses	(34)	(45)	(34)	(36)
Finance charges payable under factoring agreements (Note 20)	(281)	(406)	(281)	(406)
Finance charges payable under leases (Note 27)	(79)	(44)	(61)	(27)
Amortization of Bond loan issuance costs	(38)	(39)	(38)	(39)
Interest income (Note 22)	-	-	-	-
Exchange rate differences	(4)	(16)	(4)	(16)
<b>Total finance cost</b>	<b>(1,359)</b>	<b>(1,566)</b>	<b>(1,274)</b>	<b>(1,485)</b>

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**11. INCOME TAX**

In accordance with the Greek tax legislation, the tax rate applied by the companies for the fiscal years 2020 and 2019 was 24%.

Income tax presented in the accompanying financial statements is analysed as follows:

<b>Consolidated statement of comprehensive income</b>	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current income tax	1,100	1,230	696	618
Deferred tax	(150)	(454)	(109)	(295)
Reversal of provision for tax regarding unaudited fiscal years	-	(160)	-	-
Other taxes	-	-	-	-
<b>Total income tax expense</b>	<b>950</b>	<b>616</b>	<b>588</b>	<b>323</b>

  

<b>Consolidated statement of Other Comprehensive Income (OCI)</b>	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Deferred tax related to the items recognized in OCI during the period:</b>				
Net gain / (loss) on actuarial gains and losses	(21)	(3)	(17)	(2)
<b>Deferred tax charged to OCI</b>	<b>(21)</b>	<b>(3)</b>	<b>(17)</b>	<b>(2)</b>

The reconciliation of the provision for income taxes with the amount resulting from the application of the Greek tax rate on pre-tax income for the years ended 31 December 2020 and 2019 is summarized as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1 Jan. – 31 Dec.</b>		<b>1 Jan. – 31 Dec.</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Profit / (Loss) before income tax</b>	<b>3,532</b>	<b>3,994</b>	<b>2,103</b>	<b>1,829</b>
Taxes calculated at the applicable tax rate of the company 24%	848	959	505	439
Tax effect of change in tax rate	-	(256)	-	(146)
Reassessment of previous years' deferred tax assets	-	20	-	-
Tax effect on tax-free profits	(25)	(24)	(13)	(24)
Tax effect on non-deductible expenses	98	77	64	54
Reversal of provision for tax regarding unaudited fiscal years	-	(160)	-	-
Previous year's tax difference & other taxes	30	-	32	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>950</b>	<b>616</b>	<b>588</b>	<b>323</b>

From the financial year 2011 and onwards, all Greek Sociétés Anonymes and Limited Liability Companies whose annual financial statements are mandatorily audited by a certified auditor or audit firm in accordance with the provisions of c.L. 2190/1920 and L. 3190/1955, also receive a "Tax

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Compliance Certificate" as provided for by paragraph 5 of Article 82 of L. 2238/1994 and Article 65a of L. 4174/2013, which is issued after a tax audit performed by the same certified auditor or audit firm that issues the Independent Auditor's Report concerning the annual financial statements.

Upon completion of the tax audit, the certified auditor or audit firm must issue to the company a "Tax Compliance Certificate" which will subsequently be submitted electronically to the Ministry of Finance, by the certified auditor or audit firm. The Ministry of Finance will subsequently select a sample of all companies for which a "Tax Compliance Certificate" was submitted, for the performance of a tax audit by its competent audit authorities. For the fiscal years 2011 to 2019, the parent company EL PACK S.A. and its subsidiaries have undergone a tax audit for the issuance of a tax compliance certificate by its certified auditors in accordance with the above law provisions.

For the fiscal year 2020, this audit is in progress and the relative Tax Compliance Certificate is foreseen to be issued after the publication of the financial statements for the year 2020. If until the completion of the tax audit, additional tax liabilities arise, these are not expected to have a material effect on the Financial Statements of the Group or the Company.

**Deferred tax**

Deferred tax relates to the following:

Group	Statement of Financial Position		Statement of Comprehensive Income	
	31 December		1 Jan. – 31 Dec.	
	2020	2019	2020	2019
Property, plant and equipment	(6,352)	(6,630)	278	332
Intangible assets	(17)	(20)	4	8
Leasing contracts	255	319	(64)	126
Investment properties	(151)	(157)	6	(13)
Provision for staff retirement indemnities	323	300	24	(3)
Provision for doubtful receivables	1,263	1,327	(65)	(49)
Losses available for offsetting against future taxable income	-	-	-	-
Other	7	19	(12)	56
<b>Deferred tax expense charged to the statement of comprehensive income</b>			<b>171</b>	<b>456</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(4,672)</b>	<b>(4,842)</b>		

  

Company	Statement of Financial Position		Statement of Comprehensive Income	
	31 December		1 Jan. – 31 Dec.	
	2020	2019	2020	2019
Property, plant and equipment	(3,506)	(3,728)	221	159
Intangible assets	(17)	(20)	4	8
Leasing contracts	255	319	(64)	126
Investment properties	-	-	-	-
Provision for staff retirement indemnities	265	248	17	(3)
Provision for doubtful receivables	513	598	(85)	(25)

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Losses available for offsetting against future taxable income	-	-	-	-
Other	15	(17)	32	32
<b>Deferred tax expense charged to the statement of comprehensive income</b>			<b>125</b>	<b>297</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(2,475)</b>	<b>(2,601)</b>		

Deferred taxes are analysed in the statement of financial position as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Deferred tax assets	1,848	1,965	1,048	1,165
Deferred tax liabilities	(6,520)	(6,807)	(3,523)	(3,765)
<b>Deferred tax liabilities, net</b>	<b>(4,672)</b>	<b>(4,842)</b>	<b>(2,475)</b>	<b>(2,601)</b>

The movements of deferred tax liabilities are presented below:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>At 1 January</b>	<b>(4,842)</b>	<b>(4,854)</b>	<b>(2,601)</b>	<b>(2,454)</b>
Business Combination	-	(444)	-	(444)
Tax income / (expense) during the period recognized in consolidated statement of comprehensive income	150	453	109	295
Tax (expense) / income recognized in OCI	21	3	17	2
<b>At 31 December</b>	<b>(4,672)</b>	<b>(4,842)</b>	<b>(2,475)</b>	<b>(2,601)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.

### Unaudited fiscal years

Unaudited fiscal years of the Group Companies are presented below:

<b>Company</b>	<b>Unaudited fiscal years</b>
EL PACK S.A.	2015 - 2020
FTHIOTIS PAPERMILL S.A.	2015 - 2020

With regard to the above Companies, for the fiscal years 2015-2019 have been issued unqualified Tax Certificates by the statutory Certified Auditors Accountants according to the article 65A, par. 1 of L. 4174/2013. The Group management deems that in case of any tax re-audit of those tax years by the tax authorities will not be imposed any additional taxes. For the fiscal year 2020, as stated above, this audit is in progress and the relative tax compliance certificate is to be issued after the publication of the Financial Statements for the year 2020.

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### NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 12. SUBSIDIARIES

The accompanying financial statements include the financial statements of EL PACK and its subsidiary as presented below:

Entity	Principal activities	Country of incorporation	Holding %		Cost	
			31 December		31 December	
			2020	2019	2020	2019
Fthiotis Paper Mill S.A.	Paper production	Greece	71.98%	71.98%	12,270	12,270
			<b>Total</b>		<b>12,270</b>	<b>12,270</b>

## 13. GOODWILL

The movement of Goodwill is presented below:

<b>Balance 31/12/2019</b>	<b><u>2,120</u></b>
Additions	-
Disposals / Impairments	<u>-</u>
<b>Balance 31/12/2020</b>	<b><u>2,120</u></b>

Goodwill of € 2.120, which arose from the acquisition of “Fthiotis PaperMill S.A.” (paper production unit) is allocated to the paper production and the production of corrugated cartonboard CGUs.

For the purposes of impairment, testing has not been considered as a separate CGU, due to the fact that the paper production from the subsidiary “Fthiotis Paper Mill S.A.” is an activity within the Group’s vertical integration structure which could not generate independent cash flows, as management considers that there is no active market.

On 26/07/2019 the merger of the companies “EL PACK S.A.” and “SPYRAKIS & Co. G.P.” took place, with absorption of the second by the first, pursuant to the provisions of L. 4072/2012 on personal companies and by proportional application of the provisions of articles 69-77a of cod. L. 2190/1920 and the articles 1- 5 of L. 2166/93, as applicable. The Boards of Directors and the meeting of the partners respectively, of the merging companies, in view of the more particular market conditions, and in order to centralize operations and manage their costs more effectively, considered it appropriate to merge them by absorption.

No goodwill from the transaction was accounted for, as the fair value of the participating interests issued by the acquiring entity is not materially different from the fair value of the identifiable assets, liabilities assumed and contingent liabilities of the acquired at the date of its acquisition.

The Group carried out an annual impairment test of the goodwill of the above Cash Flow Generating Units on 31 December 2020.

The recoverable amount of the Group’s assets has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been adjusted to reflect the increase in raw materials and fuel prices, electricity and staff costs, which are the main components of the cost

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of sales. The pre-tax discount rate applied to cash flow projections is 6.9% and cash flows beyond the five-year period are extrapolated using a 1.4% growth rate that is the same as the long-term average growth rate. Since the value-in-use is greater than the carrying amount, the fair value less selling costs was not determined.

As a result of the analysis, the Company's management did not identify any impairment of goodwill, as the value-in-use was higher than the book value.

### **Key assumptions used in value- in-use calculations and sensitivity of these assumptions**

The calculation of the value-in-use for the Group is more sensitive to the following assumptions:

- Gross margins
- Discount rates
- Raw materials price inflation
- Market shares during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

**Gross margins:** Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 0.5% per annum was applied for the Group.

**Discount rates:** Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by potential investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Group-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

**Raw materials price inflation:** Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements.

**Market shares during the period of the forecast:** When using the industry's data for growth rates (as noted below), these assumptions are important because management assesses how the segment's position, relative to its competitors, might change over the forecast period. Management expects the Group's position in paper and cartonboard production to be stable over the forecast period.

On 31.12.2020, the Group analysed the sensitivity of the recoverable amount in connection with a reasonable and possible change in some of the basic assumptions (cf. the change of one percentage point in the interest rate or the growth rate in perpetuity). These analyses show that the value-in-use would be greater than the book value.

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14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are analysed as follows:

Group	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
<b>ACQUISITION COST</b>							
<b>At 31 December 2018</b>	<b>3,536</b>	<b>8,654</b>	<b>27,808</b>	<b>1,217</b>	<b>784</b>	<b>288</b>	<b>42,287</b>
Impact of IFRS 16 implementation	-	578	-	154	-	-	732
<b>Balance at 01.01.2019 after IFRS 16 implementation</b>	<b>3,536</b>	<b>9,232</b>	<b>27,808</b>	<b>1,371</b>	<b>784</b>	<b>288</b>	<b>43,019</b>
Business Combination	182	1,793	686	41	23	-	2,725
Additions	-	54	1,614	239	47	645	2,599
Transfers	-	283	384	-	-	(667)	-
Sales / Disposals	-	-	(20)	(79)	(1)	-	(100)
<b>At 31 December 2019</b>	<b>3,718</b>	<b>11,363</b>	<b>30,471</b>	<b>1,572</b>	<b>853</b>	<b>266</b>	<b>48,243</b>
Additions	-	31	1,212	222	88	318	1,871
Transfers	-	375	-	-	-	(375)	-
Sales / Disposals	-	-	(392)	(197)	-	-	(589)
<b>At 31 December 2020</b>	<b>3,718</b>	<b>11,769</b>	<b>31,292</b>	<b>1,597</b>	<b>941</b>	<b>209</b>	<b>49,525</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>At 31 December 2018</b>	-	<b>(1,095)</b>	<b>(8,029)</b>	<b>(395)</b>	<b>(446)</b>	-	<b>(9,965)</b>
Depreciation charge for the year	-	(295)	(1,436)	(154)	(48)	-	(1,933)
Sales / Disposals	-	-	1	31	1	-	33
<b>At 31 December 2019</b>	-	<b>(1,391)</b>	<b>(9,464)</b>	<b>(518)</b>	<b>(493)</b>	-	<b>(11,865)</b>
Depreciation charge for the year	-	(354)	(1,508)	(156)	(51)	-	(2,069)
Sales / Disposals	-	-	193	76	-	-	269
<b>At 31 December 2020</b>	-	<b>(1,745)</b>	<b>(10,778)</b>	<b>(597)</b>	<b>(545)</b>	-	<b>(13,665)</b>
<b>NET BOOK VALUE</b>							
<b>At 31 December 2019</b>	<b>3,718</b>	<b>9,972</b>	<b>21,008</b>	<b>1,055</b>	<b>360</b>	<b>266</b>	<b>36,378</b>
<b>At 31 December 2020</b>	<b>3,718</b>	<b>10,024</b>	<b>20,513</b>	<b>1,000</b>	<b>397</b>	<b>209</b>	<b>35,860</b>

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Company	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
<b>ACQUISITION COST</b>							
<b>At 31 December 2018</b>	<b>3,104</b>	<b>6,551</b>	<b>10,450</b>	<b>827</b>	<b>636</b>	-	<b>21,568</b>
Impact of IFRS 16 implementation	-	578	-	154	-	-	732
<b>Balance at 01.01.2019 after IFRS 16 implementation</b>	<b>3,104</b>	<b>7,129</b>	<b>10,450</b>	<b>981</b>	<b>636</b>	-	<b>22,300</b>
Business Combination	182	1,793	686	41	23	-	2,725
Additions	-	36	882	221	32	228	1,399
Sales / Disposals	-	-	(20)	(72)	(1)	-	(93)
<b>At 31 December 2019</b>	<b>3,286</b>	<b>8,958</b>	<b>11,998</b>	<b>1,171</b>	<b>690</b>	<b>228</b>	<b>26,331</b>
Additions	-	29	913	209	82	147	1,380
Transfers	-	375	-	-	-	(375)	-
Sales / Disposals	-	-	(385)	(107)	-	-	(492)
<b>At 31 December 2020</b>	<b>3,286</b>	<b>9,361</b>	<b>12,527</b>	<b>1,273</b>	<b>772</b>	-	<b>27,219</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>At 31 December 2018</b>	-	(851)	(3,799)	(301)	(353)	-	(5,305)
Depreciation charge for the year	-	(245)	(677)	(134)	(41)	-	(1,097)
Sales / Disposals	-	-	1	31	1	-	32
<b>At 31 December 2019</b>	-	(1,097)	(4,475)	(404)	(393)	-	(6,369)
Depreciation charge for the year	-	(297)	(716)	(135)	(44)	-	(1,192)
Sales / Disposals	-	-	190	41	-	-	231
<b>At 31 December 2020</b>	-	(1,393)	(5,001)	(498)	(437)	-	(7,330)
<b>NET BOOK VALUE</b>							
<b>At 31 December 2019</b>	<b>3,286</b>	<b>7,861</b>	<b>7,523</b>	<b>767</b>	<b>296</b>	<b>228</b>	<b>19,961</b>
<b>At 31 December 2020</b>	<b>3,286</b>	<b>7,968</b>	<b>7,525</b>	<b>774</b>	<b>335</b>	-	<b>19,889</b>

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The Right of use assets, which are held through lease agreements and are included in the above assets are analysed as follows:

<u>Group</u>	<u>Land &amp; Buildings</u>	<u>Machinery &amp; mechanical equipment</u>	<u>Transportation equipment</u>	<u>Furniture &amp; fixtures</u>	<u>Total</u>
<b>ACQUISITION COST</b>					
<b>Balance at 1/1/2020</b>	<b>2,553</b>	<b>846</b>	<b>308</b>	<b>-</b>	<b>3,707</b>
Additions / Contract adjustments	19	242	58	-	319
Termination / expiry of contracts	-	-	(22)	-	(22)
<b>Balance at 31/12/2020</b>	<b>2,571</b>	<b>1,088</b>	<b>344</b>	<b>-</b>	<b>4,004</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Balance at 1/1/2020</b>	<b>(103)</b>	<b>(20)</b>	<b>(85)</b>	<b>-</b>	<b>(208)</b>
Depreciation charge for the year	(153)	(36)	(77)	-	(265)
Termination / expiry of contracts	-	-	14	-	14
<b>Balance at 31/12/2020</b>	<b>(256)</b>	<b>(56)</b>	<b>(148)</b>	<b>-</b>	<b>(460)</b>
<b>Net book amount 2020</b>	<b>2,316</b>	<b>1,033</b>	<b>196</b>	<b>-</b>	<b>3,544</b>
<b>Company</b>					
<u>Company</u>	<u>Land &amp; Buildings</u>	<u>Machinery &amp; equipment</u>	<u>Transportation equipment</u>	<u>Furniture &amp; fixtures</u>	<u>Total</u>
<b>ACQUISITION COST</b>					
<b>Balance at 1/1/2020</b>	<b>2,553</b>	<b>351</b>	<b>308</b>	<b>-</b>	<b>3,212</b>
Additions / Contract adjustments	19	242	58	-	319
Termination / expiry of contracts	-	-	(22)	-	(22)
<b>Balance at 31/12/2020</b>	<b>2,571</b>	<b>593</b>	<b>344</b>	<b>-</b>	<b>3,509</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Balance at 1/1/2020</b>	<b>(103)</b>	<b>(8)</b>	<b>(85)</b>	<b>-</b>	<b>(197)</b>
Depreciation charge for the year	(153)	(16)	(77)	-	(245)
Termination / expiry of contracts	-	-	14	-	14
<b>Balance at 31/12/2020</b>	<b>(256)</b>	<b>(24)</b>	<b>(148)</b>	<b>-</b>	<b>(428)</b>
<b>Net book amount 2020</b>	<b>2,316</b>	<b>569</b>	<b>196</b>	<b>-</b>	<b>3,080</b>

**Mortgages and pledges**

At 31 December 2020 and 31 December 2019, the Group had mortgages and pledges on its property, plant and equipment for securing bank debt, as stated in Notes 26 and 31.

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**15. INTANGIBLE ASSETS**

Intangible assets are analysed as follows:

	<b>Group</b>	<b>Company</b>
	<b>Software</b>	<b>Software</b>
<b>Net book value at 31 December 2018</b>	<b>130</b>	<b>130</b>
Business combinations	1	1
Additions	1	1
Amortisation	(29)	(29)
<b>Net book value at 31 December 2019</b>	<b>103</b>	<b>103</b>
Additions	6	6
Amortisation	(29)	(29)
<b>Net book value at 31 December 2020</b>	<b>81</b>	<b>81</b>

**16. INVESTMENT PROPERTY**

Investment property is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Balance at 1 January</b>	<b>1,007</b>	<b>931</b>	-	-
Additions	-	-	-	-
Impairment charge	-	-	-	-
Depreciation	-	-	-	-
Fair value adjustment	(26)	76	-	-
<b>Balance at 31 December</b>	<b>982</b>	<b>1,007</b>	-	-

The investment properties are annually valued at 31 December at their fair value by an independent professional qualified valuer, according to the methods consistent with IFRS 13 in combination with IAS 40. The above investment property fair values were determined with the use of the comparative method.

**17. INVESTMENTS IN ASSOCIATES**

Investments in associates are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Balance at 1 January</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
Additions	-	-	-	-
Impairment charge	-	-	-	-
Sales	-	-	-	-
<b>Balance at 31 December</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>

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The details of the associate are as follows:

Name	County of incorporation	Principal activities	Holding %	
			2020	2019
Attica Recycling S.A.	Greece	Collection of non-dangerous recyclable waste	50%	50%

**18. OTHER NON-CURRENT ASSETS**

Other non-current assets are analysed as follows:

	Group		Company	
	31 December		31 December	
	2020	2019	2020	2019
Due from related parties	2,404	2,404	2,404	2,404
Provision for impairment of due from related parties	(2,310)	(2,310)	(2,310)	(2,310)
Guarantees	40	156	40	73
	<b>133</b>	<b>250</b>	<b>133</b>	<b>166</b>

The amounts due from related parties refer to capital granted to the associate Attica Recycling S.A. for investing purposes. Group management estimated that the amount of Euro 2,310 thousand due from related parties was not recoverable and an equal provision for impairment was made.

**19. INVENTORIES**

Inventories are analysed as follows:

	Group		Company	
	31 December		31 December	
	2020	2019	2020	2019
Merchandise	59	39	59	38
Finished and semi-finished products	1,697	1,555	1,032	972
Raw materials	4,409	5,193	4,220	3,983
Spare parts	95	111	-	-
Scrap & By-products	1	9	1	9
Consumables	73	82	13	10
Packing items & materials	107	100	100	94
	<b>6,440</b>	<b>7,088</b>	<b>5,424</b>	<b>5,108</b>

The total cost of inventories is included in cost of sales for the years ended 31 December 2020 and 31 December 2019, amounted to € 14.2 million and € 18.2 million, respectively for the Group and € 21 million and € 25.5 million respectively for the Company.

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**20. TRADE ACCOUNTS RECEIVABLE**

Trade accounts receivable are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current trade accounts receivable	14,228	14,233	10,664	10,369
Post-dated cheques receivable	8,865	9,939	6,672	7,837
Notes receivable	1,201	1,201	-	-
	<b>24,295</b>	<b>25,374</b>	<b>17,336</b>	<b>18,206</b>
<b>Less:</b> Provision for impairment of receivables	(8,944)	(9,014)	(3,930)	(4,086)
	<b>15,351</b>	<b>16,360</b>	<b>13,406</b>	<b>14,120</b>

As at 31 December 2020, trade receivables of total amount € 8,944 (31 December 2019: € 9,014) for the Group and of € 3,930 (31 December 2019: € 4,086) for the Company were impaired and fully provided for.

The aging analysis of trade receivables and the respective balances of impairment provisions are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Trade receivables</b>	<b>Impairments</b>	<b>Trade receivables</b>	<b>Impairments</b>
Current	12,518	4	12,788	4
Past due 1 - 30 days	112	3	106	3
Past due 31 - 60 days	28	2	28	2
Past due 61 - 90 days	11	0	11	0
Past due 91 - 180 days	95	10	76	10
Past due 181 - 365 days	32	16	32	16
More than 365 days past due	11,498	8,908	4,294	3,895
<b>Total</b>	<b>24,295</b>	<b>8,944</b>	<b>17,336</b>	<b>3,930</b>

Business is generally conducted with such customers under normal terms with collection expected within one hundred and twenty (120) days after the date of goods delivered.

The Group has established specific criteria for granting credit to customers, which are generally based upon the customer's activity, size, operation and consideration of relevant financial data.

After the adoption of IFRS 9 on 1.1.2018, the Group and the Company apply the IFRS 9 simplified approach for measuring expected credit losses. The approach uses a lifetime expected loss allowance for all trade receivables.

On that basis, an impairment analysis was performed at 31.12.2020 using a provision matrix that is based on the Group's historical credit loss experience, information on days past due for groupings of various customer segments with similar characteristics, existing collaterals, reasonable and supportable information that is available at the reporting date about past events, current conditions, forecasts of future economic conditions, in addition with specific information for specific receivables.

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Below is presented the movement in the provision for impairment of trade receivables.

	<b>Group</b>	<b>Company</b>
<b>Balance at 31 December 2018</b>	<b>(12,536)</b>	<b>(7,631)</b>
Business combination	(73)	(73)
Charge to consolidated statement of comprehensive income (income statement)	(97)	(73)
Reversal of provision related to doubtful receivables	-	-
Used provision	3,691	3,691
<b>Balance at 31 December 2019</b>	<b>(9,014)</b>	<b>(4,086)</b>
Charge to consolidated statement of comprehensive income (income statement)	(86)	-
Reversal of provision related to doubtful receivables	124	124
Used provision	32	32
<b>Balance at 31 December 2020</b>	<b>8,944</b>	<b>3,930</b>

In 2013, the Company entered into a factoring agreement with Piraeus Factoring for the amount of € 5.5 million. The agreement is with recourse for invoices outstanding for less than 180 days and for post-dated cheques. The outstanding balance of accounts receivable and post-dated cheques factored as at 31 December 2020, amounted to € 0.0 million and € 0.2 million, respectively (31 December 2019: € 0 million and € 1.8 million). The outstanding balance of the relevant liability with respect to the factored accounts receivable as at 31 December 2020, amounted to € 0.0 million (31 December 2019: € 0.0 million) and the post-dated cheques as at 31 December 2020, amounted to € 0.2 million (31 December 2019: € 1.8 million) and are included in short-term borrowings in the consolidated statements of financial position.

In 2008 and 2009, the Company entered into two factoring agreements with EFG Factors for the total amount of € 4.9 million. The agreements are with recourse for invoices outstanding for less than 180 days and for post-dated cheques. The outstanding balance of accounts receivable and post-dated cheques factored as at 31 December 2020, amounted to € 0.4 million and € 0.5 million, respectively (31 December 2019: € 0.3 million and € 4.5 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2020, amounted to € 0,0 million (31 December 2019: € 0.3 million) and the post-dated cheques as at 31 December 2020, amounted to € 0.3 million (31 December 2019: € 4.3 million) and are included in short-term borrowings in the consolidated statements of financial position.

In 2018, the Company entered into a factoring agreement with OPITIMA FACTORS for the total amount of € 1.3 million. The agreement is with recourse for invoices outstanding for less than 180 days and for post-dated cheques. The outstanding balance of accounts receivable and post-dated cheques factored as at 31 December 2020, amounted to € 0.0 million and € 0.0 million, respectively (31 December 2019: € 0.0 million and € 0.6 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2020, amounted to € 0.0 million (31 December 2019: € 0.0 million) and the post-dated cheques as at 31 December 2020, amounted to € 0.0 million (31 December 2019: € 0.6 million) and are included in short-term borrowings in the consolidated statements of financial position.

The cost of these transactions amounted to € 281 and € 406 for the year ended 31 December 2020 and 2019 respectively and are included in the interest expense (Note 10).

Note 34 presents, with regard to the credit risk of trade receivables, the analysis of the method of measuring and assessing the credit risk of customers who are in arrears.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**21. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments and other receivables are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Advances to suppliers	1,787	1,792	1,045	891
Purchases in transit	50	-	50	-
Prepaid expenses	224	376	114	134
Prepaid taxes, VAT receivable	1,016	986	651	311
Advances to personnel	37	60	32	39
Accrued income	-	-	-	-
Other	1	2	1	2
	<b>3,115</b>	<b>3,216</b>	<b>1,892</b>	<b>1,378</b>

**22. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Cash on hand	18	19	17	18
Cash at banks	195	174	182	77
	<b>214</b>	<b>194</b>	<b>198</b>	<b>95</b>

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 0 and € 0 for the year ended 31 December 2020 and 2019 respectively and is included in finance income in the accompanying consolidated statement of comprehensive income (Note 10).

**23. SHARE CAPITAL**

The Company's share capital at 31 December 2020 consists of 1,160,602 common shares of € 3 par value each (31 December 2019: 1,160,602 common shares), and amounts to a total of € 3,482 (31 December 2019: € 3,482).

**24. RESERVES**

Legal, tax-free reserves and extraordinary reserves are analysed as follows:

**Statutory Reserve**

Under Greek corporate law (L. 2190/1920), corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company. As at 31 December 2020 and 2019, the Group has formed legal

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

reserve of amount € 802 and € 659 respectively, and the Company has formed the amount of € 563 and € 488 as legal reserve respectively.

### **Tax-Free reserves**

1. Under the provisions of Law 1892/1990 (Article 20), corporations were allowed to provide tax-deferred reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for statutory reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on 31 December 2004, new capital productive investments had to be made during the following three years after the reserve was formed for an amount equal to 130% of the tax-free reserve.

At 31 December 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is taxed when distributed to shareholders. The Company does not have any intention to distribute this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve was to be distributed. As at 31 December 2020 and 2019, the Company has formed the amount of € 659 as tax-free reserve.

2. Under the provisions of Law 1828/1989 (Article 22), corporations were allowed to provide tax-free reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for statutory reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on 31 December 2005, new capital productive investments had to be made during the following three years after the reserve was formed for an amount equal to the tax-free reserve. Based on Law 1892/1990, article 20, which amended Law 1828/1989, the level of new capital productive investments was increased to 130% of the tax-free reserve provided. At 31 December 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is exempt from income tax provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve is distributed. As at 31 December 2020 and 2019, the Company has formed the amount of € 738 as tax-free reserve.
3. Under the provisions of Law 3299/2004, enterprises could form tax-free reserves from the profits of the management period in which the investment was made. If no profits are made during this management period or are not sufficient, the tax-free reserve is formed from the profits of the next management periods until the percentage of the value of the aided investment or the acquisition value of equipment acquired by financial lease is reached, which cannot exceed the (10) management periods. At 31 December 2020 and 2019, the Company has formed the amount of € 1,058 as tax-free reserve.
4. At 31 December 2020 and 2019, other tax-free reserves amounted to € 2,381 have been recorded under various laws. According to the tax regulations, these reserves are exempt from income tax, provided they are not distributed to the shareholders. The Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax liability that would be required if these reserves are distributed.
5. On 26 July 2019 following the merger by absorption of the general partnership "SPYRAKIS & Co. G.P." by the company, in the books of the company and in its financial statements is depicted

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tax-free reserve from goodwill from sale and lease back amount € 844, which has been formed by the absorbed company according to the provisions of case g', par. 3 of article 28 of L. 2238/1994.

### ***Extraordinary Reserves***

At 31 December 2020 and 2019, the Group's extraordinary reserves amounted to € 1,504 following the decisions of the General Meeting of shareholders. These reserves can be formed from profits, which have been previously taxed.

## **25. DIVIDENDS**

Under Greek company law, companies are required each year to distribute in cash to the shareholders at least 35% of the net profits, after allowing for the legal reserve and other credit items of the statement of income, which do not derive from realised profits. A decision of the general meeting taken by an increased quorum and a majority may reduce this percentage, but not less than ten percent (10%) non-distribution of the minimum dividend shall be permitted only by a decision of the general meeting, taken by the increased quorum referred to in paragraphs 3 and 4 of article 130 and a majority of eighty percent (80%) of the capital represented at the meeting.

By decision of the general meeting taken by an increased quorum and majority, profits distributed as a minimum dividend may be capitalised and distributed to all shareholders in the form of shares, calculated at nominal value.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- a) No dividends can be distributed to the shareholders as long as a company's net equity, as reflected in its financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves, from the other equity credits, which may not be distributed, and from the amounts of the credit items in the statement of income, which do not constitute realised profits, and
- b) The amount distributed to shareholders may not exceed the amount of the profit or loss for the last financial year ended, plus profits, which come from previous years and have not been allocated, and the reserves for which their distribution is authorised and decided by the general meeting, and reduced by the amount of the credit items in the statement of profit or loss, which do not constitute realised gains, by the amount of losses in previous years and by the amounts to be made available for the formation of reserves, in accordance with the law and statutes.

No dividends were declared or paid by EL PACK S.A. during the years ended 31 December 2020 and 31 December 2019. In addition, during the aforementioned years, no dividends were declared or paid by the subsidiary to non-controlling interests.

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NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

26. LONG-TERM LOANS AND BORROWINGS

Long-term loans and borrowings are analysed as follows:

	Group		Company	
	31 December		31 December	
	2020	2019	2020	2019
Bond loans	20,775	16,812	17,140	16,090
Bank loans	1,478	1,855	1,478	1,763
<b>Less:</b> Current portion	(3,572)	(2,414)	(2,885)	(2,235)
	18,681	16,253	15,733	15,618
<b>Less:</b> Bond Loan issuance costs	(43)	(80)	(43)	(80)
<b>Long-term portion</b>	<b>18,638</b>	<b>16,173</b>	<b>15,690</b>	<b>15,538</b>

  

Bank	Currency	Contract amount	Maturity	Repayment Schedule	Interest rate	31 Dec. 2020	31 Dec. 2019
a) EFG Eurobank Ergasias S.A.	€	2,000	2020	Semi-annual payments	Euribor + 4.75%	-	83
b) EFG Eurobank Ergasias S.A.	€	1,000	2020	Semi-annual payments	Euribor + 4.75%	-	92
c) EFG Eurobank Ergasias S.A.- Piraeus Bank S.A., National Bank of Greece, Attica Bank S.A. (Syndicated)	€	18,050	2022	Semi-annual payments	Euribor + 4.25%	14,140	16,090
d) Alpha Bank S.A.	€	1,884	2022	Semi-annual payments	Euribor + 4.25%	1,478	1,680
e) Piraeus Bank S.A.	€	810	2022	Semi-annual payments	Euribor + 4.00%	635	722
f) EFG Eurobank Ergasias S.A.	€	1,000	2023	Semi-annual payments	Euribor + 2.20%	3,000	-
g) EFG Eurobank Ergasias S.A.	€	2,000	2023	Semi-annual payments	Euribor + 2.30%	2,000	-
h) Piraeus Bank S.A.	€	1,000	2023	Semi-annual payments	Euribor + 2.60%	1,000	-
<b>Total long-term debt</b>						<b>22,253</b>	<b>18,667</b>
<b>Less:</b> Current portion						<b>(3,572)</b>	<b>(2,414)</b>
<b>Less:</b> Bond Loan issuance costs						<b>(43)</b>	<b>(80)</b>
<b>Long-term loans</b>						<b>18,638</b>	<b>16,173</b>

The present value of variable rate loans and borrowings and other long-term liabilities are analysed in Note 34.

A. Joint Finance – EL PACK S.A.

i. Bond Loan - Syndicated

On 22 December 2015, EL PACK S.A. entered into a € 18 million bond loan facility agreement with a consortium of banks, and specifically EFG Eurobank Ergasias S.A., Piraeus Bank S.A, Attica Bank S.A. and National Bank of Greece S.A to be used to refinance the Company's existing short-term debt.

## EL PACK S.A.

### NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

The bond loan, which was issued in full at 30 March 2016, has six-year duration, is repayable in semi-annual instalments and bears interest at the Euro interbank borrowing rate (“Euribor”) plus an applicable margin ranging of 4.25%.

The bond loan will be fully, unconditionally, irrevocably and jointly and severally guaranteed by Company’s shareholders and the subsidiary Fthiotis Paper Mill S.A.

The bond loan is secured as follows:

- a) First ranking mortgage over Company’s land, building and machinery equipment situated in Patras Industrial zone.
- b) Second ranking mortgage over Guarantor’s land, building and machinery equipment (Fthiotis Paper Mill S.A) situated in the area of Damasta, Fthiotis.

The other securities concern concessions of receivables from insurance contracts, pledged bank accounts and future mortgage on machinery.

The bond loan contained events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders, change of management by shareholders, cross default under other agreements and liabilities towards Greek authorities and change of use of proceeds of bond loan as defined.

The bond loan also contains financial covenants including requirements to maintain minimum ratio of net debt to EBITDA and EBITDA to interest expense.

#### ii. **Bank Loan - Alpha Bank SA.**

In the context of the Joint Finance and the signing of the Convention between the Creditors, the Borrower and the Guarantors of the Joint Finance at December 22, 2015, the company EL PACK SA agreed to refinance existing short-term debt of the Company to the bank Alpha Bank A. E. with long-term loan of € 1.9 million.

The loan, which was issued in full on 30 March 2016, bears interest at interbank lending rate (“Euribor”) plus a margin ranging 4.25%.

The loan, both on the repayment schedule and the collateral has similar «pro rata» terms with the Syndicated Bond Loan.

#### **B. Bond Loan – Piraeus Bank S.A. – Fthiotis Paper Mill S.A.**

On 9 December 2015, Fthiotis Paper Mill S.A. entered into a bond loan facility agreement with Piraeus Bank S.A., which provided it with a facility of € 810 to be used to refinance the existing short term debt.

The bond loan, which was issued in full on 15 February 2016, has six-year duration, is repayable in semi-annual instalments and bears interest at the Euro interbank borrowing rate (“Euribor”) plus an applicable margin of 4.00%.

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The bond loan will be fully, unconditionally, irrevocably and jointly and severally guaranteed by the Company and the parent EL PACK.

The bond loan is secured as follows:

- a) First ranking mortgage over Fthiotis Paper Mill S.A land, building and machinery equipment situated in Damasta area, Fthiotis.
- b) The other securities concern concessions of receivables from insurance contracts and pledged bank accounts.

The bond loan included events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders, cross default under other agreements and liabilities towards Greek authorities and change of use of proceeds of bond loan as defined.

The bond loan also contains financial covenants including requirements to maintain minimum ratio of net debt to EBITDA and EBITDA to interest expense.

#### **C. Bank Loan – EFG Eurobank Ergasias S.A. – Fthiotis Paper Mill S.A.**

On 27 December 2010, Fthiotis Paper Mill S.A. entered into a loan facility agreement with EFG Eurobank Ergasias S.A., which provided it with a facility of up to € 1 million, to be used for working capital needs. The loan, which has now been repaid, was fully disbursed in January 2011.

The loan was refinanced on 27 December 2012, with an extension of the repayment until 31 December 2020. The loan was repayable in semi-annual instalments and bears interest at Euro interbank borrowing rate ("Euribor"), plus margin of 4.75%.

The 70% of the total amount of the loan facility is guaranteed by the Greek Government. FTHIOTIS PAPER MILL S.A. should pay to the Greek Government 1% annually on the guaranteed amount of the loan facility as insurance commission. The loan was also fully, unconditionally, irrevocably and jointly and severally guaranteed by Company's shareholders.

The loan was secured by the first mortgage on land, buildings and machinery of the factory "Fthiotis Paper Mill SA" located in the area of Damasta, Fthiotis and concession of receivables from insurance contracts.

The loan contained events of default, including, without limitation, failure to make three consecutive payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements.

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### NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **D. Long-term Bank Loan – EFG Eurobank Ergasias S.A. – EL PACK S.A.**

On 5 October 2010, EL PACK S.A. entered into a loan facility agreement with EFG Eurobank Ergasias S.A., which provided it with a facility of up to € 2 million to be used for general working capital needs. The loan facility, which has now been repaid, was fully disbursed in November 2010.

The loan was refinanced on 28 June 2012, with an extension of the repayment through to 30 June 2020. The loan was repayable in eighteen semi-annual equal instalments and bears interest at Euro interbank borrowing rate (“Euribor”) plus margin of 4.75%.

The 70% of the total amount of the loan facility is guaranteed by the Greek Government. EL PACK S.A. should pay to the Greek Government 1% annually on the guaranteed amount of the loan facility as insurance commission. The loan was also fully, unconditionally, irrevocably and jointly and severally guaranteed by Company’s shareholders.

The loan facility included events of default, including, without limitation, failure to make three consecutive payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements.

The loan is secured by concessions of receivables from insurance contracts, as well as a pledge over part of the Company’s machinery.

#### **E. Bond Loan - Eurobank S.A. – FTHIOTIS PAPER MILL S.A.**

On 23 September 2020, FTHIOTIS PAPER MILL S.A. concluded a bond loan agreement guaranteed through the “COVID-19 Business Guarantee Fund to support businesses” of the “Hellenic Development Bank” with Eurobank S.A., amounting € 3 million to cover its working capital needs.

The bond loan, which was issued in its entirety on 23 September 2020, has a three-year maturity, is repayable in semi-annual instalments and bears “Euribor” plus a margin of 2.20%.

#### **F. Bond loan - Eurobank S.A.**

On 23 September 2020, EL PACK S.A. concluded a bond loan agreement guaranteed through the “COVID-19 Business Guarantee Fund to support businesses” of the “Hellenic Development Bank” with Eurobank S.A., amounting € 2 million to cover its working capital needs.

The bond loan, which was issued in its entirety on 23 September 2020, has a three-year maturity, is repayable in semi-annual instalments and bears “Euribor” plus a margin of 2.30%.

#### **G. Bond loan - Piraeus Bank S.A.**

On 1 December 2020, EL PACK A.E. concluded a bond loan agreement guaranteed through the “COVID-19 Business Guarantee Fund to support businesses” of the “Hellenic Development Bank” with Eurobank S.A., amounting € 1 million to cover its working capital needs.

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The bond loan, which was issued in its entirety on 1 December 2020, has a three-year maturity, is repayable in semi-annual instalments and bears “Euribor”, plus a margin of 2.60%.

Interest expense on long-term loans and borrowings for the year ended 31 December 2020 and 2019, amounted to € 881 and € 932 respectively (Note 10).

The Group’s long-term loans and borrowings are secured by mortgages and pledges on its property, plant and equipment for an amount of € 33.8 million as at 31 December 2020 and 2019 respectively.

The annual principal payments required to be made on all loans subsequent to 31 December 2020 and 2019 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Later than 1 year and no later than 3 years	18,681	16,253	15,733	15,618
Later than 3 years and not later than 5 years	-	-	-	-
More than 5 years	-	-	-	-
	<b>18,681</b>	<b>16,253</b>	<b>15,733</b>	<b>15,618</b>

**27. LEASE OBLIGATIONS**

The Group has lease obligations resulting from the leasing of various items of property, plant and equipment. These items relate to the industrial plant in Thebes, the Group Head Offices, machinery, hardware and motor vehicles.

Current lease agreements expire by 2025. The payment terms of these agreements vary from 36 months to 20 years, and the associated obligations are paid in monthly instalments. These obligations shall bear different interest rates (imputed or differential), in accordance with the respective contracts.

Many lease agreements include terms of price adjustment and renewal. The most important obligations included in the terms of the contracts, in addition to rent payments, are the maintenance and insurance of the assets, compliance with the contract terms, restrictions on the transfer of 50% of the company, as well as restrictions on the change of Management.

Property, plant and equipment include the following Right-of-use Assets through leases under IFRS 16:

	<b>31.12.2020</b>	<b>31.12.2019</b>
Land and buildings	2,316	2,450
Machinery & Equipment	1,033	826
Transportation equipment	196	223
Furniture and fixtures	-	-
	<b>3,544</b>	<b>3,499</b>

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The lease obligations at 31 December 2020 and 31 December 2019 are analysed as follows:

	<b>Group</b>	
	<u>31.12.2020</u>	<u>31.12.2019</u>
Obligation under lease	1,958	2,190
<b>Less:</b> Current portion	<u>(463)</u>	<u>(470)</u>
<b>Long-term portion</b>	<u><b>1,495</b></u>	<u><b>1,721</b></u>

  

	<b>Company</b>	
	<u>31.12.2020</u>	<u>31.12.2019</u>
Obligation under lease	1,617	1,757
<b>Less:</b> Current portion	<u>(366)</u>	<u>(377)</u>
<b>Long-term portion</b>	<u><b>1,251</b></u>	<u><b>1,380</b></u>

The amounts related to lease agreements recognised in the statement of income are as follows:

	<u>Group</u>	<u>Company</u>
Depreciation of right-of-use assets	265	245
Interest of lease liabilities	79	61
Rental expenses of short-term contracts	15	15
Rental expenses of contracts for low value assets	9	9
<b>Total amounts recognised in the Statement of income</b>	<u><b>368</b></u>	<u><b>330</b></u>

The total cash outflow for lease agreements for 2020 amounted to € 630 (principal € 551 and interest € 79).

The aging analysis of the Liabilities from lease agreements is set out in Note 34 par 6.

The finance charges of the Group under finance leases for the year ended 31 December 2020 and 2019, amounted to € 79 and € 44, respectively (Note 10).

## 28. PROVISION FOR STAFF RETIREMENT INDEMNITIES

### A. State Pension:

The Company's employees are covered by several State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under these plans. The Company's contributions to the pension funds for the year ended 31 December 2020 and 31 December 2019 have been recorded in expenses and were € 1,492 and € 1,570, respectively (Note 4).

### B. Staff Retirement Indemnities:

Under Greek labour law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employees or workers compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The

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indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause.

The Company recognizes in the profit and loss account the accrued benefits of each period, with a corresponding increase in pension liability.

The movements in the net liability in the accompanying financial statements have as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Net liability at the beginning of the period</b>	<b>1,250</b>	<b>1,186</b>	<b>1,033</b>	<b>977</b>
Business combinations	-	26	-	26
Actual benefits paid	(132)	(120)	(132)	(109)
Actuarial (gains) / losses in other comprehensive income	87	11	70	8
Expense recognised in the consolidated income statement (Note 4)	143	146	133	130
<b>Net liability at the end of the period</b>	<b>1,348</b>	<b>1,250</b>	<b>1,105</b>	<b>1,033</b>

Independent actuaries evaluated the Group's and the Company's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial studies as at 31 December 2020 and 31 December 2019 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current service cost	47	46	36	35
Past service cost	-	-	-	-
Termination cost	86	82	89	80
Interest cost on benefit obligation	10	19	8	16
<b>Expense recognised in the statement of comprehensive income (Note 4)</b>	<b>143</b>	<b>146</b>	<b>133</b>	<b>130</b>
Remeasurement of (gains) / losses recognised in the statement of other comprehensive income	87	11	70	8
<b>Amount recognised in the statement of other comprehensive income</b>	<b>87</b>	<b>11</b>	<b>70</b>	<b>8</b>
<b>Reconciliation of benefit obligation:</b>				
<b>Net liability at the beginning of the year</b>	<b>1,250</b>	<b>1,186</b>	<b>1,033</b>	<b>977</b>
Business combination	-	26	-	26
Service cost	133	127	125	115
Finance cost	10	19	8	16
Benefits paid	(132)	(120)	(132)	(109)
Remeasurement of actuarial (gains) / losses	87	11	70	8
<b>Present value of obligation at the end of the year</b>	<b>1,348</b>	<b>1,250</b>	<b>1,105</b>	<b>1,033</b>

**Principal assumptions:**

	<b>2020</b>	<b>2019</b>
Discount rate	0.4%	0.8%
Rate of average annual long-term compensation increase	1.70%	1.70%
Rate of average annual long-term inflation	1.70%	1.70%

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**29. RELATED PARTIES**

Related parties include, apart from subsidiaries and associates:

- a) The members of the Board of Directors and key management personnel of the Company
- b) Related family and financially dependents (spouses, children etc.) of the Board and members of management.
- c) Companies that do business with the Company and the Group, in which the major shareholders of the Group, the members of the Group Boards of Directors and / or their dependents / relatives exert at least significant influence.

Compensation paid to the Group directors and executive officers for the year ended 31 December 2020 and 2019, not included in payroll cost, amounted to € 425 and € 425 respectively. Compensation paid to the Group executive officers for the year ended 31 December 2020 and 2019, included in payroll cost, amounted to € 1,556 and € 1,191 respectively.

The Company at 31 December 2020 has not formed impairment provisions from related parties.

The balances with related parties on 31 December 2020 and 31 December 2019 are as follows:

<b>31 December 2020</b>	<b>Group</b>		<b>Company</b>	
	<b>Receivables</b>	<b>Payables</b>	<b>Receivables</b>	<b>Payables</b>
<b>A. Companies</b>				
Fthiotis Paper Mill S.A.	-	-	437	7,815
Fthiotis Recycling S.A.	-	337	-	15
Attica Recycling S.A.	84	-	84	-
BelPack EOOD	-	-	-	-
Euroglass OOD	36	530	36	530
Uniglass Hellas M.A.E.	-	5	-	1
	<b>121</b>	<b>872</b>	<b>558</b>	<b>8,362</b>
<b>B. Directors - Management:</b>	-	-	-	-
<b>31 December 2019</b>				
<b>A. Companies</b>				
Fthiotis Papermill S.A.	-	-	94	2,697
Fthiotis Recycling S.A.	24	922	24	36
Attica Recycling S.A.	77	-	77	-
BelPack EOOD	36	398	36	398
Euroglass OOD	3	-	3	-
Uniglass Hellas M.A.E.	-	5	-	1
	<b>140</b>	<b>1,326</b>	<b>234</b>	<b>3,132</b>
<b>B. Directors - Management:</b>	-	-	-	-

**EL PACK S.A.**

**NOTES ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

Transactions carried out with related parties for the year ended 31 December 2020 and 31 December 2019 are as follows:

<b>31 December 2020</b>	<b>Group</b>		<b>Company</b>	
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
<b>A. Companies</b>				
Fthiotis Papermill S.A.	-	-	13,065	25
Fthiotis Recycling S.A.	2,817	172	194	172
Attica Recycling S.A.	-	-	-	-
BelPack EOOD	235	-	235	-
Euroglass OOD	-	-	-	-
Uniglass Hellas M.A.E.	-	-	-	-
	<b>3,052</b>	<b>172</b>	<b>13,494</b>	<b>197</b>
<b>B. Directors - Management:</b>	-	-	-	-
<b>31 December 2019</b>	<b>Group</b>		<b>Company</b>	
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
<b>A. Companies</b>				
Fthiotis Papermill S.A.	-	-	15,881	19
Fthiotis Recycling S.A.	5,188	281	447	281
Attica Recycling S.A.	-	-	-	-
BelPack EOOD	256	1,167	256	1,167
Euroglass OOD	-	-	-	-
Uniglass Hellas M.A.E.	2	1	1	1
Spyrakis & Co. G.P.	1,879	1,358	1,879	1,358
	<b>7,325</b>	<b>2,806</b>	<b>18,465</b>	<b>2,825</b>
<b>B. Directors - Management:</b>	-	-	-	-

**30. TRADE ACCOUNTS PAYABLE**

The trade payables at 31 December 2020 and 31 December 2019 are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Suppliers	4,003	5,048	10,398	5,403
Notes payable	10	89	10	89
Cheques payable	557	907	516	744
<b>Total</b>	<b>4,569</b>	<b>6,045</b>	<b>10,923</b>	<b>6,236</b>

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**31. SHORT-TERM BORROWINGS**

Short-term borrowings are draw-downs under various lines of credit maintained by the Group with several banks. The use of particular credit lines is presented below:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Bank loans	1,444	2,244	1,444	2,244
Factoring	538	6,924	538	6,924
<b>Total</b>	<b>1,982</b>	<b>9,167</b>	<b>1,982</b>	<b>9,167</b>

The weighted average interest rate on short-term borrowings for the year ended 31 December 2020 and 2019 was 4.1% and 4.2% respectively.

Interest on short-term borrowings for the year ended 31 December 2020 and 2019, amounted to € 360 and € 513, respectively, and is included in the interest expense in the accompanying consolidated statement of comprehensive income (Note 10).

Part of the Group's short-term borrowing is secured with mortgages and notes on its properties, up to the amount of € 520 in favour of Piraeus Bank.

**32. ACCRUED AND OTHER CURRENT LIABILITIES**

The amount reflected in the accompanying consolidated statement of financial position is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Advances from customers	539	417	136	112
Accrued interest	220	217	199	213
Salaries payable	339	261	295	213
Social security funds payable	446	482	274	274
Taxes - duties, other than income taxes	1,044	873	722	543
Accrued expenses	182	204	67	48
Other liabilities	31	101	29	91
<b>Total</b>	<b>2,801</b>	<b>2,556</b>	<b>1,722</b>	<b>1,493</b>

**33. CONTINGENCIES AND COMMITMENTS****(a) Litigation and claims:**

The Group is a party to various lawsuits and arbitration proceedings in the normal course of business. According to the Group's management and its legal advisors, all of the lawsuits are expected to be settled without any material adverse effect on the consolidated financial position or results of operations.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**(b) Commitments:**

**Letters of guarantee and other Guarantees:**

At 31 December 2020, the Group has outstanding payment guarantees on contracts with suppliers of € 828 (31 December 2019: € 788). Other than that, the group has not granted other guarantees in favour of third parties.

**34. FINANCIAL RISK MANAGEMENT**

**1. Fair Values and Fair Value Hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The carrying amounts reflected in the accompanying consolidated statements of financial position for cash and short-term deposits, short-term borrowings, trade and other receivables, trade and other payables, due to/from related parties, accrued and other current liabilities and intra-group liabilities and loans approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Available for sale investments consist of investments in common and preferred shares, and therefore have no fixed maturity date or fixed rate. Interest-bearing loans are measured at amortized cost using the effective interest method. The fair value of variable rate loans approximates the corresponding fair values due to that the variable interest is determined by the Group's credit limit. The fair value of loans with fixed interest rate is based on negotiated prices at the date of the financial statements.

During the year ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

## **2. Credit Risk**

### **a) Trade and other receivables**

The Group's and the Company's maximum exposure to credit risk, due to non-performance of obligations by the counterparties as at 31 December 2020 and 2019, is mainly affected by the characteristics of each customer. The demographic characteristics of the Group's client base, including the risk of default payments that characterizes the specific market and the country where customers operate in, affect credit risk less as there is no geographic concentration of credit risk. Net sales per customer does not exceed 10% of total consolidated net sales for the year ended at 31 December 2020 and 2019. Therefore, there is a significant diversification of credit risk to a large number of customers.

The Board of Directors has established a credit policy, according to which each new customer is examined on an individual basis for its credit ability before the ordinary payment terms are proposed to such. The examination of credit ability performed by the Group includes the examination of bank resources and other third party resources for credit rating, if available.

Credit lines are defined for each customer, and are re-examined according to the current conditions, while, if necessary, the sales and payment terms are readjusted. The credit lines of customers are mainly defined according to the Company's credit management procedure.

During the monitoring of customer credit risk, customers are grouped according to their credit characteristics, the maturity characteristics of their receivables and any possibly prior payment problems displayed. Customers and other receivables mainly include wholesale customers of the Group. Customers characterized as "high risk" are placed in a special customer statement and future sales must be pre-collected and approved by the Company's CFO, COO, or CEO. According to the history and the customer's ability to secure the receivables, the Group may request real guarantees or collateral (i.e. letters of guarantee).

After the adoption of IFRS 9 on 1.1.2018, the Group and the Company apply the IFRS 9 simplified approach for measuring expected credit losses, and record impairment provision based on a lifetime expected loss allowance approach for all trade receivables (see notes 2 E and 20).

### **b) Guarantees**

According to the Group's policy, no collateral is provided; however, if the Board of Directors decides so in exceptional cases, such collateral may be provided to subsidiaries.

## **3. Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

If interest rates were increased by 1%, the effect in the Group income statement and in shareholders' equity would be for 2020 € 265 (2019: € 286) and if interest rates were decreased by 1%, then the effect in the Group income statement and in shareholders' equity would be € 265 (2019: € 286).

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**4. Foreign Currency Risk**

The Group carries out transactions denominated in Euro related to the sales and purchases of goods. Therefore, the Group is not exposed to market risk related to possible foreign currency fluctuations.

**5. Capital Management**

For the purpose of the Group's capital management, capital includes share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by the sum of total capital plus net debt.

The Group includes within net debt, interest bearing loans and borrowings, short-term borrowings and finance lease obligation, less cash and cash equivalents.

	<b>Group</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
Long-term borrowings (Note 26)	22,210	18,587
Short-term borrowings (Note 31)	1,982	9,167
Finance lease liabilities (Note 27)	1,958	2,190
<b>Less:</b> Cash and cash equivalents (Note 22)	(214)	(194)
<b>Net debt</b>	<b>25,937</b>	<b>29,751</b>
Total equity	24,085	21,569
<b>Total equity and net debt</b>	<b>50,021</b>	<b>51,320</b>
<b>Gearing ratio</b>	<b>51.9%</b>	<b>58.0%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

We set out below a table of the reconciliation of liabilities from financing activities:

	<b>Interest bearing loans &amp; borrowings</b>	<b>Short-term borrowings</b>	<b>Finance lease obligations</b>	<b>Total</b>
<b>Balance 1/1/2020</b>	<b>18,587</b>	<b>9,167</b>	<b>2,190</b>	<b>29,944</b>
Purchases of leased assets	-	-	318	318
Cash flows for the period	3,584	(7,185)	(551)	(4,152)
Interest / Foreign exchange differences	38	2	-	39
<b>Balance 31/12/2020</b>	<b>22,210</b>	<b>1,982</b>	<b>1,958</b>	<b>26,151</b>

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**6. Liquidity Risk**

Liquidity risk is the risk that the Group would be unable to fulfil its financial obligations when they fall due. The approach adopted by the Group for the liquidity management is to secure, through holding the minimum necessary cash and sufficient credit limits from cooperating banks that will always have enough liquidity in order to fulfil its financial liabilities when those become due, under normal as well as difficult conditions, without sustaining non-acceptable losses or risking the Group's reputation.

In order to avoid liquidity risks, the Group realizes a cash flow provision for a period of one year during the preparation of the annual budget, and a monthly rolling three-month provision in order to secure that it has adequate cash equivalents to cover its operating needs, including covering its financial liabilities. This policy does not take into account the relevant effect from extreme conditions that cannot be forecasted.

The table below summarizes the maturity profile of financial liabilities at 31 December 2020 and 31 December 2019, respectively, based on contractual undiscounted payments.

<b>Year ended 31 December 2020</b>	<b>Up to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Long-term borrowings	1,203	2,369	18,681	-	22,253
Short-term borrowings	5	1,977	-	-	1,982
Finance lease obligations	106	357	1,496	-	1,958
Trade accounts payable	2,589	1,980	-	-	4,569
Other financial liabilities	2,181	620	-	-	2,801
Income taxes payable	-	1,416	-	-	1,416
	<b>6,084</b>	<b>8,720</b>	<b>20,176</b>	<b>-</b>	<b>34,980</b>
<b>Year ended 31 December 2019</b>	<b>Up to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Long-term borrowings	1,119	1,295	16,253	-	18,667
Short-term borrowings	5	9,162	-	-	9,167
Finance lease obligations	115	355	1,616	106	2,190
Trade payables	3,269	2,776	-	-	6,045
Other financial liabilities	2,065	491	-	-	2,556
Income taxes payable	-	1,255	-	-	1,255
	<b>6,573</b>	<b>15,333</b>	<b>17,869</b>	<b>106</b>	<b>39,881</b>

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

### 35. EVENTS AFTER THE BALANCE SHEET DATE

The paper packaging sector has not been significantly affected compared to the rest of the economy by the spread of the coronavirus. In this context, the Management of the EL PACK Group, monitors developments and takes all necessary measures not to affect its operational activity, focusing on the health and safety of employees.

On 25th May 2021, a merger plan by absorption of the subsidiary FTHIOTIS PAPER MILL S.A. by EL PACK S.A. was announced in the General Commercial Registry (G.E.MI). The merger is expected to be completed by 30 September 2021.

No other significant subsequent events have occurred after 31 December 2020.

Athens, 23 April 2021

The Chairman of the B. of D.  
& Managing Director

The Member of the B. of D.

Antonios Evang. Spyrakis  
ID. No.: AB 593784

Evangelos K. Voulgarakis  
ID. No.: AK 668295

The Finance Director

The Head of the Accounts Dept.

Efstratios S. Rekas  
ID. No.: AK 800630

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E.C.G. Licence No. 10909/A' Class