FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

TZIMA LOCATION – 194 00 KOROPI ATTICA
General Commercial Registry No. 582101000

Annual Financial Report
for financial year 2019
(January 1st 2019 - December 31st 2019)

According to article 4 of L. 3556/2007

And the relevant authorized and executive decisions issued by the Board of Directors of the Hellenic Capital Market Commission

---

It is confirmed that the present Annual Financial Report that concerns the financial year 2019 (January 1st 2019 – December 31st 2019), has been approved by the Board of Directors of "FLEXOPACK PLASTICS S.A." on the 22nd of April 2020 and is posted on the internet on the Company's official website www.flexopack.gr. The Annual Financial Report will remain available to investors on the internet for a period of at least ten (10) years from its preparation date and initial release.

CONTENTS

CHAPTER 1 : Statements by Representatives of the Board of Directors

(According to article 4 par. 2 of L. 3556/2007, as is in effect)

1. Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Str., Chairman of the Board of Directors and Chief Executive Officer

2. Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Str., Vice-Chairman of the Board of Directors and Deputy Chief Executive Officer.

3. Asimina Ginosati of Dimitrios, resident of Koropi Attica, 204 Vas. Konstantinou Str., Executive Member of the Board of Directors.

****

We, the following signatories, under our capacity as mentioned above, according to the stipulations by law (article 4 par. 2, case c, of Law 3556/2007) and specifically pursuant to the relevant special decision by the Board of Directors of the Société Anonyme Company with the name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", (hereinafter the **"Company"** or **"FLEXOPACK"**), hereby state and confirm that to our knowledge:

(a) The annual Financial statements of the Company for financial year 2019 (1.1.2019 - 31.12.2019), individual and consolidated, which were prepared in accordance with the current accounting standards in effect, accurately present the assets and liabilities, the equity and results for the period of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

(b) the annual Report of the Board of Directors of the Company depicts in true manner the most significant events occurring during the financial year 2019, their effect on the annual Financial Statements, including the description of the major risks and uncertainties which the Company faces, the important changes taking place between the Company and its related parties (as they are defined by IAS 24), as well as the development of the activities, the performance and position of the Company and the companies included in the consolidation regarded as a whole.

Koropi, 22 April 2020

The parties of the statement

Georgios Ginosatis	Stamatios Ginosatis	Asimina Ginosati
ID NO. AE 153990	ID NO. S 500301	ID NO. AB 243605

CHAPTER 2: Annual Report by the Board of Directors (including the Corporate Governance Statement), for financial year 2019.

The current Annual Management Report by the Board of Directors (hereinafter for the sake of brevity the "Report" or "Annual Report"), refers to the financial year 2019 (01.01.2019 – 31.12.2019) was prepared and is in line with the relevant provisions of 4548/2018 "Reform of the Law of Societes Anonymes" (Government Gazette A΄ 104 / 13.06.2018) as it is in force today, and also with the provisions of Law 3556/2007 (Government Gazette 91^{A}/30.04.2007) and especially the article 4, and with the relevant, as stated by law, executive decisions issued by the Hellenic Capital Market Commission and specifically Decisions No. 1/434/2007 and 8/754/14.04.2016, as well as with the protocol number 62784/06.06.2017 Circular in effect of the Corporate and GEMI Division of the Ministry of Economy, Development and Tourism.

The present Report includes in synopsis and in understandable, essential and comprehensive manner all sub-sections required, according to the above regulatory framework, and depicts in clear and true manner all the relevant by law information, so as to create an essential and in depth sum of information for the activities during the period under consideration of the Societe Anonyme under the name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" (which in the current Report will be called for the sake of brevity as "**Company**" or "**FLEXOPACK**") as well as of FLEXOPACK Group.

Given the fact that the Company prepares consolidated and non-consolidated (separate) Financial Statements, the present Report is exclusive, with as its basic and primary reference the Company's consolidated Financial data and those of its related companies. References to non-consolidated financial data in the following analysis, are made in specific points deemed reasonable or necessary by the Company's Board of Directors, for the better understanding of the Report's contents and also for the more effective provision of information towards the investment community.

The subsidiaries and related companies, which are included in the consolidated Financial Statements and the percentages of the Company's participation in these entities, are mentioned in note 3.1.1 of the annual financial statements.

The present Report is included in total with the annual Financial Statements (separate and consolidated) of the year 2019 and the other required by law information and statements in the Annual Financial Report which concerns the financial year 2019.
The sub-sections of the Report and the content of such are as follows:

SECTION A
Significant events of financial year 2019

The significant events that occurred during the closing financial year 2019 as well as their impact on the annual Financial statements have as follows:

1. Annual Ordinary General Shareholders' Meeting of the Company

On Friday, 28th June 2019, at 15:00, the Annual General Meeting of Shareholders of the Company was held at the offices of the Company (Tzima, Koropi, Hephaestus rural street), which was attended in person or by proxy, by shareholders representing 9,875,136 ordinary, registered shares and equal voting rights, i.e. 84.26% of total 11,720,024 shares and equal voting rights of the Company.

The annual General Meeting of the Company's shareholders proceeded with the following decisions on the subjects of the daily agenda:

With regard to the 1st issue, it unanimously approved the Annual Financial Statements (Company and consolidated) relating to the financial year 2018 (01.01.2018 - 31.12.2018) and, in overall, the annual Financial Report for that year, which was according to the law prepared and published by the Company on the latter's legally registered webpage in GEMI (General Electronic Commercial Registry) and via dispatch to the website of the Regulated Market where the Company's shares are traded, as well as to the Hellenic Capital Market Commission.

With regard to the 2nd issue, it unanimously approved the annual Management Report of the Board of Directors, which is entirely included in the Minutes of the Board of Directors of 19th April 2019, as well as the Audit Report of 22nd April 2019, of the Chartered Auditor-Accountant of the Company, Serafeim D. Makris, regarding the annual financial statements relating to the financial year 2018 (01.01.2018 - 31.12.2018).

With regard to the 3rd issue, the Meeting unanimously approved the allocation and distribution of the results of the financial year which ended on 2018 (01.01.2018 - 31.12.2018), and specifically it approved not to distribute any dividend to the shareholders of the Company from the earnings of the closing financial year 2018.

With regard to the 4th issue, the Meeting unanimously approved, following a voting from the shareholders based on name, the general management performed by the members of the Board of Directors during the year ended on 31.12.2018 and the discharge of the Auditors of the Company from any liability stemming from their actions and the overall management of the closing financial year of 2018 (01.01.2018 - 31.12.2018) and the annual financial statements of that year.

With regard to the 5th issue, it approved unanimously and following the relevant proposal of the Audit Committee, the election of the Auditing Firm "SOL – CERTIFIED PUBLIC ACCOUNTANTS SOCIETE ANONYME" (registered in the Public Registry of article 14, Law 4449/2017) for the ordinary audit of the annual and semi-annual financial statements of the Company (parent and consolidated) for the current financial year 2019 (01.01.2019 - 31.12.2019) and specifically of Mr. Serafeim Makris of Dimitrios (SOEL Registration Number 16311) as Ordinary Certified Auditor Accountant and of Ms. Konstantina Giannopoulou of Georgios (SOEL Registration Number 36881) as Deputy Certified Auditor Accountant.

It is noted that the above Auditing Firm based on the above decision will undertake at the same time the procedure for issuing the annual tax certificate and the Company's tax compliance report for the year 2019 according to the provisions of article 65A of Law 4174/2013.

With regard to the 6th issue, it unanimously approved the remuneration, compensation and overall benefits paid and / or granted to the members of the Board of Directors for services provided to the Company during the closing financial year 2018 (01.01.2018 - 31.12.2018).

With regard to the 7th issue, the Meeting unanimously approved the Remuneration Policy which was prepared according to the articles 110 and 111 of Law 4548/2018 and defines the special framework, the terms and the basic principles which are being followed during the determination procedure of the fees and other benefits rendered to the members of the Board of Directors (executive and non-executive), including the Managing Director (one or / and more if they are in place), of the Executive Directors and their Deputy. The duration of the above policy has been set at four (4) years.

With regard to the 8th issue, it unanimously approved the fees and the broader remuneration that will be paid to the members of the Board of Directors during the current fiscal year 2019 (01.0.2019-31.12.2019), which are in line with the principles and rules of the approved Remuneration Policy, and granted authorization according to the provisions of article 109 of Law 4548/2018 in relation to the prepayment of fees to the above mentioned members until the date of the next annual Ordinary General Meeting.

With regard to the 9th issue, it unanimously approved the provision of authorization, in accordance with article 98 paragraph 1 of L. 4548/2018, to members of the Board of Directors and the Managers of the Company to participate in the Board of Directors or the Management of Group Companies (existing and / or future), which pursue the same, related or similar purposes and to perform actions related to the business objectives of the Company.

With regard to the 10th issue, the Meeting unanimously approved the Company's share capital increase by the amount of 703,201.44 Euros due to the capitalization of part of the "share premium reserve". The above capitalization was due to the increase of the nominal value per Company's share by 0.06 Euro, meaning from 0.54 Euro to 0.60 Euro.

With regard to the 11th issue, the Meeting unanimously approved the Company's share capital decrease by the amount of 703,201.44 Euros via the reduction of the nominal value per Company's share by 0.06 Euro, meaning from 0.60 Euro to 0.54 Euro and the return of the respective amount to the Company's shareholders.

With regard to the 12th issue, it unanimously approved the amendment of the relevant article 5, paragraph 1 concerning the share capital in the Company's Articles of Association, following the decisions that were taken regarding the tenth and eleventh issue of the daily agenda, precisely in the form that it was announced as a draft by the Company, according to the article 123, paragraph 4 of Law 4548/2018 as it is in effect.

With regard to the 13th issue, the Meeting unanimously granted the Board of Directors with the relevant authorization in order for the latter to determine all the required dates and issues (ex-right date, determination of the entitled shareholders, commencement of payment, etc.) with regard to the execution of the above mentioned resolutions (issues 10th and 11th) concerning the Company's equivalent share capital increase and simultaneous decrease. The Board of Directors was also authorized to proceed with all the appropriate actions in order to receive the necessary approvals from the pertinent authorities and act in appropriate manner with regard to the payment of the above amount, deriving from the share capital decrease, towards the entitled shareholders of the Company.

With regard to the 14th issue, the Meeting unanimously approved the appointment of a three-member Audit Committee according to the article 44 of Law 4449/2017 which consists of the following persons, namely: 1) Dimitrios Panagotas of Ioannis, Certified Auditor–Accountant in deferment, 2) Ms. Aliki Benroubi of Sam Samuel, independent non-executive member of the BoD and 3) Nikolaos Vlachos of Matthaios, non-executive member of the BoD.
At the same time with the above unanimous decision, the General Meeting of shareholders proceeded into the determination of a three-year term for the above Audit Committee, starting from 28/06/2019 and ending on 28/06/2022, and also to the election of Mr. Dimitrios Panagotas of Ioannis as Chairman of the Committee.

With regard to the 15th issue, it unanimously approved the amendment of articles 4, 5, 6, 7, 9, 10, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 and 39 of the Company's Articles of Association in order to align their contents with the new provisions of the regulatory framework (L. 4548/2018) in precisely the same form by which the adjusted and aligned provisions had been announced by the Company as a draft according to the article 123, paragraph 4 of Law 4548/2018.

2. Increase and simultaneous decrease of share capital via the respective increase and decrease of the nominal value per share of the Company.

The annual Ordinary General Meeting of the Company's shareholders which took place on 28th June 2019, approved the following among other issues:
(a) The share capital increase of the Company by the amount of 703,201.44 Euro via the capitalization of part of the "share premium account" and the increase of the nominal value per share of the Company by 0.06 Euro, meaning from 0.54 Euro to 0.60 Euro and
(b) The share capital decrease of the Company by the amount of 703,201.44 Euro via the decrease of the nominal value per share of the Company by 0.06 Euro meaning from 0.60 Euro to 0.54 Euro and return / payment of the corresponding capital to the Company's shareholders.
Following the above increase and decrease of the Company's share capital via a corresponding increase and equivalent decrease of the nominal value per share, the Company's share capital amounts to 6,328,812.96 Euros, is fully paid in, and is divided into 11,720,024 common registered shares with a nominal value of 0.54 Euro per share.

On 01/08/2019, the decision of the Ministry of Finance and Development with protocol number 80363/01.08.2019 (ΑΔΑ: Ψ7ΣΝ465ΧΙ8-Ο7Μ) was filed into the General Electronic Commercial Registry (GEMI) under the registration code number 1808333. Via the above decision, it was approved the amendment of article 5 of the Company's Articles of Association.
The Corporate Actions Committee of the Athens Exchange, during its meeting on August 26th, 2019 was informed about the equivalent increase and decrease of the Company's share capital, via the corresponding increase and decrease of the nominal value of the total number of shares of the Company and about the share capital return (amounting to 0.06 Euro per share) via a payment in cash towards the shareholders of the Company.

Following the above, from August 30th, 2019 the Company's shares were traded on the Athens Exchange with a final nominal value of 0.54 Euro per share and without the right to the share capital return (0.06 Euro per share) via a payment in cash towards the Company's shareholders.
From the same date, the starting price of the Company's shares at the Athens Exchange was settled in accordance with the Regulation of the Athens Exchange in combination with the decision no. 26 of the Board of Directors of the Athens Exchange.
The shareholders entitled to the share capital return were the ones registered in the records of D.S.S. (Dematerialized Securities System) as of September 2nd, 2019 (record date or the date determining the shareholders entitled to the above right) for the particular listed company.

September 6th, 2019 was set as the commencement payment date for the share capital return (0.06 Euros per share).

The payment of the cash amounts concerning the share capital return was performed via the "NATIONAL BANK OF GREECE" as follows:
1. Via the account users / operators at the D.S.S. (banks and brokerage firms) according to the paragraph 4.1.3.4 of the Athens Exchange Regulation and the article 39 of the Operation Regulation of D.S.S. for the investors who have authorized their account users / operators to receive the dividends.
2. Via the branch network of the paying bank "NATIONAL BANK OF GREECE S.A." for those shareholders who have not authorized their users or who have revoked the relevant authorization towards their users, or for those investors who possessed their shares in their Special Investor Account.
3. Via a deposit made at the International Bank Account Number (IBAN), which the investor declared for the collection of the distributed amounts according to the article 13 of the Operation Regulation of D.S.S. and the decision no. 6 of the Board of Directors of ATHEXCSD, as currently in effect, for the

investors who did not wish to receive the amounts via their account users / operators. It concerned only the investors who had declared an IBAN at the paying Bank "NATIONAL BANK OF GREECE S.A.".
The entitled shareholders were in position to collect the share capital return regarding the above "case 2" through the presentation of the Investor Account Code Number at D.S.S. as well as of the Police Identification Document (ID), either in person or via a legally authorized representative, at any branch of the above mentioned paying Bank (in such a case the relevant authorization documents also with the authenticated signature of the entitled shareholder would be also presented).
Following a period of twelve (12) months from the commencement date of the payment, meaning from September 6th, 2020, the share capital return would be made only at the Company's offices (Tzima Location – Ifaistou agricultural street, Koropi, Attiki, P.C. 19400).

3. Stock Option Plan to the members of the Board of Directors of the Company, senior and other executives, according to the provisions of article 113 of Law 4548/2018

The Board of Directors of the Company, during its meeting of 19 December 2019 and following authorization granted from the Annual General Meeting of shareholders of June 29, 2018, established a program for the distribution of shares to the members of Board of Directors, the management members and the Company's executives, in the form of the stock options, in accordance with the applicable regulatory framework and specifically in accordance with Article 113 of Law 4548/2018.
The maximum number of shares that can be granted under the above program is 75,000 shares.

The plan consists of granting options to the participants, so that the latter can acquire shares of the Company through their participation in the increase of its share capital at a fixed price, amounting to three (3.00) Euros per right. The date of maturity of the rights is set at 29 March 2022. The exercise of the right and the deposit by the beneficiary of the value of the rights will take place from 29.03.2022 to 20.04.2022 at the bank account of the Company which will be announced to the beneficiaries.

The exercise of the rights requires prior written notice from the beneficiary of his/her intention to exercise the relevant right by 28 December 2021, i.e. three (3) months before the above maturity date.

According to article 113, par. 3 of Law 4548/2018, after the exercise of the rights by the participants, the Board of Directors will issue and deliver the shares to the beneficiaries and will take a decision to increase the share capital of the Company based on the amount corresponding to the rights exercised. Subsequently, the Board of Directors will take a decision to certify the payment of the share capital.

4. Participation in Exhibitions
As part of the effort to further strengthen the Group's export activity and wider penetration and especially the recognition of its products in international markets, the Company participated in the IFFA 2019 Exhibition, held in Frankfurt, Germany during the period 04.05-09.05.2019.
The participation in these exhibitions seeks to increase the recognition and branding of the Group's products, to strengthen the Company's international network, to expand and upgrade the way the Company's products are promoted, to achieve new collaborations and to expand the Group's presence on product basis as well as geographically.

5. Issuance of Tax Certificate for the Year 2018
On 11th October 2018, in application of the provisions of paragraph 4.1.3.1 section 12 of the Athens Exchange Regulation and the article 17 of the no. 596/2014 Regulation of the European Parliament and the Council, the Company announced to the investment community that after the completion of the special tax audit of the year 2018 (tax year 2018), which was conducted by the legal auditors of the Company in accordance with the clauses of article 65a of Law 4174/2013, as it is currently in effect, for

both the Company and its subsidiaries INOVA PLASTICS SA and VLACHOU BROS SA, the relevant tax certificates were issued with opinion "without reservation".

SECTION B'
Basic risks and uncertainties

Basic risks and uncertainties

Given its exporting activities and particularly its high extrovert strategy, the Group operates within an intense competitive global environment. The Group's general activities create several financial and other risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the Financial performance of the Group.

The Group's financial assets and financial liabilities mainly consist of cash & cash equivalents, trade receivables, loans and other receivables, bank loans, as well as liabilities towards suppliers and related liabilities.

I. Financial risks

The most common financial risks which the Group is exposed to are the following:

A. Exchange Rate Risk

The Group operates on a global level and realizes transactions in foreign currency, mainly: a) in U.S. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).

The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign countries under a different currency (other than Euro) whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.

The foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged with the use of placements in foreign currency and foreign exchange futures, depending on the needs each time.

The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.

A relevant analysis is presented in the note 5A of the annual Financial Statements, with regard to the above effect.

B. Credit risk

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and mainly from abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration and relation of mutual trust in the majority of cases.

It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and cash collection terms are applied, while possible security is requested when deemed necessary. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in.

No doubtful debtors exist that have not been covered by provisions for doubtful receivables.

It is also noted that the particular risk is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.

A relevant analysis is presented in the note 5C of the annual Financial Statements.

C. Liquidity risk

In General, the monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.

Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions in order to face any possible shortage in cash. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not yet appeared.

However, in view of the concerns regarding the course of the global economy (e.g. the United Kingdom's exit from the European Union, the refugee crisis, the deterioration of international relations), the probability cannot be excluded that the aforementioned risk affects the Group's liquidity to a controlled degree though.

A relevant analysis is presented in the note 5D of the annual Financial Statements.

D. Cash flow risk due to changes in interest rates

The Group’s operating revenues and cash flows are affected by changes in interest rates, however the Group’s relatively low level of bank debt as well as the fact that the long-term bank debt is based on fixed interest rates, render the above risk as controlled and not capable to materially affect the Group’s activity and growth.

A relevant analysis is presented in the note 5B of the annual Financial Statements.

II. Other risks to which the Group is exposed

A. Risk arising from competition of foreign and domestic firms

The competition in the international market where the Group and the Company activate is becoming stronger.

The Group based on the fully staffed and equipped Research and Development Department it owns, and on the long-term presence in the sector it possesses, manages to differentiate its products from the current competition and to present innovative diversified solutions. The quality of the Group’s produced products, the brand name, especially the brand name of the Company.

Despite the above, the particular risk due to the stronger competition seen on international level is real and exists, and therefore it may affect the performance and results of the Group during the fiscal year 2020.

B. Risk of reduced demand due to consumption slowdown

The Group is active in an intensive and competitive global environment. Its specialized know-how in conjunction with the research, development and creation of new products and strong infrastructure in production equipment, assist the Group to remain competitive as well as expand or achieve its penetration in new markets.

The products of the Group are used mainly in food packaging which, since food is of first need, are usually affected the least from consumption slowdown, however they may be affected subsequently by external factors that may prevail in the markets in which the Group is active. External factors that may harm demand for the Group’s products include the probability of illnesses in meat, the change in food and nutrition patterns, climate changes, a slowdown of the global economy etc.

Because there are signs of slowing economic activity in the Eurozone at the moment, due to the concern caused by Brexit, the consequent threat of protectionism and other factors, this risk is considered quite significant.

For this reason, this risk is assessed as real, as it may substantially affect the Group's performance and results during the fiscal year 2020, but to an extent that it is not possible to assess with accuracy at this stage.

C. Risk related to the cost of production

The Group due to lack of domestic production of raw materials, is exposed to price volatility of raw materials that it acquires internationally. This volatility may result from abrupt changes in oil production prices, other chemical products or other related reasons.

In order to reduce this risk, the Group's inventory and commercial policy is adjusted accordingly in order to diversify and transfer part of this risk, to the extent that this is possible and according to the current conditions present each time as regards to competition. Nevertheless, if the cost of raw materials cannot be essentially transferred to the price of the final product, then this risk is considered as substantial and may negatively affect the Group's results.

Consumption of electric energy is also a significant cost factor as regards to the Group's production activity. In tackling this risk the Group has invested in low energy consumption equipment and at the same time it targets at developing and operating specialized energy management systems, thus intensifying its efforts towards a lower energy cost. In any case, the particular risk is viewed by the Company's Management as real and may potentially affect the results of the Group, especially if in the context of the electricity sector's restructuring the pertinent authorities proceed with new increases in the supply cost of the Company.

D. Risks related to work safety

Work safety for the Group's employees is a top priority and necessary condition when operating its production facilities. A workplace plan that focuses on establishing a safety culture throughout all the Group's activities and operations, as well as on targeting the constant training and education of the Company's personnel is applied on a continuous and constant basis. Moreover, broad educational programs are applied to systematically and fully train and educate employees on workplace safety and hygiene issues. The application of such programs is continuously reviewed by the Company's relevant Department.

E. Environmental risks

Protection of the environment and sustainable development are fundamental principles for the Group. For this reason, the Group takes strict measures in the areas where it operates, which in several cases extend further than those imposed by law. The Group invests in best available techniques for protecting the environment, it closely monitors planned changes in environmental law and it ensures to take the necessary measures in advance so as to avoid any risk of not complying with the new law once being in effect in a prompt manner.

F. Risk related to the Exit of United Kingdom from the European Union (Brexit)

The Group operates in the United Kingdom through both the parent company and its subsidiary "FLEXOPACK TRADE AND SERVICES UK LIMITED".

Following the withdrawal of the United Kingdom from the European Union on 31/1/2020, there is a transitional period of 11 months until 31/12/2020, during which the European Union and the United Kingdom will negotiate their trade relationship, the rights of citizens, their security issues, cultural and educational relationships and more. During the transitional period, the United Kingdom will remain in the single market of the European Union, in the customs union and will participate in its budget. In case of exit without an agreement, adverse consequences are expected due to the possible activation of the customs and VAT enforcement regime and the possible change of the Euro-sterling exchange rate.

As uncertainty surrounding the Brexit process continues to exist until the closing date of 31/12/2020, and since the terms and conditions under which this will take place have not yet been fully clarified, there can be no specific assessment and quantification regarding with the risks, the impact and the possible effects of this event on the trading activity and the financial results in general of the Group and the Company.

The Group's total sales during the year 2019 in the United Kingdom amounted to 8.85 million Euros and accounted for 9.92% of the consolidated turnover.

The group's sales priced in pounds (GBP) stood at 3.91% of consolidated turnover.

Currency risk sensitivity analysis resulting from transactions in British pounds (GBP) exists in note 5A of the annual Financial Statements.

G. Abolition of the imposition of capital controls on the Greek banking system.

On August 26, 2019, the Parliament voted in favor of the complete abolition of capital controls imposed on June 29, 2015, and from September 1, 2019, the free movement of capital from and to abroad is allowed.
The free movement of capital is a decisive step for the return of the Greek economy to conditions of transactional normality and regularity, while it is expected to contribute significantly to the boost of confidence, the strengthening of liquidity and the attraction of investment.

SECTION C
Significant transactions with related parties

The present section includes the most important transactions made during the financial year 2019 between the Company and its related parties as defined by IAS 24 and in particular:

a) Transactions between the Company and each related party that have materially affected the financial position or performance of the Company during the specific fiscal year.
b) Any changes in the transactions between the Company and each related party described in the last Annual Report, which could have a material effect on the Financial position or performance of the Company during financial year 2019.

It is noted that the following reference to those transactions, includes the following elements:
(a) The amount of such transactions for the year 2019
(b) The outstanding balance of these transaction at the yearend (31/12/2019)
(c) The nature of the related party relationship with the Company and
(d) Any information on transactions, which is necessary for the understanding of the Financial Position of the Company, but only if such transactions are material and have not been concluded under normal market conditions.

The most significant transactions carried out during the year 2019 between the Company and its associates (as defined by IAS 24) are presented in the following table.

1/1/-31/12/2019

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	5.543	5.762	6.296	1.074
FLEXOSYSTEMS Ltd -Belgrade	671	0	122	0
FLEXOPACK PTY LTD- AUSTRALIA	12.057	37	10.906	5
FLEXOPACK TRADE AND SERVICES UK LIMITED	2.790	0	1.506	0
FLEXOPACK FRANCE	13	0	11	0
INOVA SA	315	1	96	1
VLAHOU BROS SA	2.194	105	893	58
OTHER RELATED PARTIES	0	85	0	0
	23.582	**5.990**	**19.831**	**1.139**

Benefits towards management and executives	
Transactions and fees of senior executives and members of the management	2.149
Receivables from senior executives and management	0
Liabilities towards senior executives and management	65

Notes:

It is also noted:

1. No other transactions related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.
2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.
3. With regard to the natural persons-executives of the Company, apart from the above fees, there are no other transactions between the Company and the said executives and members of the Board of Directors.
4. The Company granted within the year 2018 a loan of 1.7 million Euros to its subsidiary "FLEXOPACK POLSKA Sp. Zo.o.» in order to repay its investment plan and this amount is included in the above table of transactions (Receivables) between the Company and its related parties.
5. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 100 thousand euro as 31/12/2019. It is included in the above table of related party transactions concerning transactions (Receivables) between the Company and its affiliates.
6. There were no changes in the transactions between the Company and its related parties that could have a material effect on the Financial position and performance of the Company for the period 1.1.2019-31.12.2019.
7. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.
8. The Company has granted the following guarantees in favor of its subsidiary "FLEXOPACK POLSKA Sp. Zo.o.».

a) Guarantee to a banking institution based in Poland for a maximum amount of EUR 2.5 million to ensure the repayment of a long-term loan of EUR 2.5 million. The balance of this loan amounted to EUR 1.072 million on 31.12.2019.

b) Guarantee for a maximum amount of 1,350,000 PLN (approximately 317,000 Euros) to ensure the repayment of an equally short-term credit limit granted to the above subsidiary.

9. The Company has also provided a guarantee to a credit institution in favor of its subsidiary "FLEXOPACK PTY LTD" based in Australia, for a maximum guarantee limit of approximately 74,000 Euros.

10. The transactions described above have been concluded under normal market conditions and contain no exceptional or individual trait which would render imperative the further analysis of them or the analysis of them per related party.

11. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.

12. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

The most significant transactions that took place during the previous fiscal year 2018 are shown in note 6.30 of the annual Financial Statements.

SECTION D
Development, performance and Financial position

This section includes a brief review of the development, performance, activity and position of the Group and the Company.

A. Statement of Financial Position

Items (in thousand Euro) of the Statement of Financial Position for the year 2019 are presented below along with the most important changes that occurred versus the corresponding year of 2018.

STATEMENT OF FINANCIAL POSITION

EUR THOUS.	**GROUP**				**COMPANY**			
ASSETS	**31/12/2019**	**31/12/2018**	**Μετ.**	***% Μετ.***	**31/12/2019**	**31/12/2018**	**Μετ.**	***% Μετ.***
Non-current assets	61,463	59,175	2,288	*3.9%*	56,338	55,083	1,256	*2.3%*
Cash and cash equivalents	15,470	13,223	2,248	*17.0%*	13,285	10,529	2,755	*26.2%*
Other current assets	36,369	37,982	-1,614	*-4.2%*	41,204	41,767	-563	*-1.3%*
Total Assets	**113,302**	**110,380**	**2,922**	***2.6%***	**110,827**	**107,379**	**3,448**	***3.2%***
EQUITY & LIABILITIES								
Total Shareholders' Equity	74,280	67,741	6,539	*9.7%*	77,187	70,332	6,855	*9.7%*
Total Equity	**74,280**	**67,741**	**6,539**	***9.7%***	**77,187**	**70,332**	**6,855**	***9.7%***
LIABILITIES								
Long-term liabilities	11,359	14,143	-2,784	*-19.7%*	10,645	13,073	-2,427	*-18.6%*
Other long-term liabilities	5,720	5,243	477	*9.1%*	4,497	3,933	564	*14.3%*
Short-term bank liabilities	4,255	4,324	-69	*-1.6%*	3,627	3,627	0	*0.0%*
Other short-term liabilities	17,688	18,929	-1,242	*-6.6%*	14,871	16,414	-1,543	*-9.4%*
Total Liabilities	**39,022**	**42,639**	**-3,617**	***-8.5%***	**33,640**	**37,047**	**-3,407**	***-9.2%***
Total Equity & Liabilities	**113,302**	**110,380**	**2,922**	***2.6%***	**110,827**	**107,379**	**3,448**	***3.2%***

There were no important changes in the consolidated statement of financial position on 31/12/2019 compared to the one of 31/12/2018.

The total liabilities of the Group on 31/12/2019 amounted to 39,022 million Euros whereas the total equity amounted to 74,280 million Euros.

B. Statement of Income

Items of the statement of income for the year 2019 are presented below, along with the most significant changes from the items of the statement of income for the year 2018.

STATEMENT OF INCOME								
EUR THOUS.	**GROUP**				**COMPANY**			
	1/1-31/12/2019	**1/1-31/12/2018**	**Μετ.**	***% Μετ.***	**1/1-31/12/2019**	**1/1-31/12/2018**	**Μετ.**	***% Μετ.***
Turnover	**89,277**	**84,492**	**4,785**	***5.7%***	**77,260**	**72,424**	**4,836**	***6.7%***
Gross Profit	21,523	21,046	477	*2.3%*	18,545	18,116	429	*2.4%*
Administrative Expenses	(4,405)	(4,088)	(317)	*7.7%*	(3,393)	(3,154)	(239)	*7.6%*
Research & Development Expenses	(1,431)	(1,089)	(343)	*31.5%*	(1,156)	(1,058)	(98)	*9.3%*
Distribution Expenses	(6,819)	(5,881)	(938)	*16.0%*	(4,109)	(3,734)	(375)	*10.0%*
Other Operating Income-Expenses	397	572	(176)	*-30.7%*	230	496	(265)	*-53.5%*
Operating Profit	**9,264**	**10,560**	**(1,296)**	***-12.3%***	**10,118**	**10,666**	**(548)**	***-5.1%***
Financial (expenses) - income	(679)	(678)	(1)	*0.1%*	(516)	(585)	69	*-11.8%*
Other Financial Results	337	(570)	906	*-159.0%*	194	67	127	*189.1%*
Proportional result of related companies	563	560	3	*0.6%*	-	-	-	-
Earnings before taxes	**9,485**	**9,872**	**(387)**	***-3.9%***	**9,795**	**10,148**	**(353)**	***-3.5%***
Income tax	(2,290)	(2,776)	486	*-17.5%*	(2,197)	(2,546)	349	*-13.7%*
Earnings after taxes	**7,195**	**7,096**	**99**	***1.4%***	**7,598**	**7,602**	**(4)**	***-0.1%***
Depreciation / Amortization	**5,391**	**3,714**	**1,678**	***45.2%***	**3,874**	**2,823**	**1,051**	***37.2%***
EBITDA	**14,656**	**14,274**	**382**	***2.7%***	**13,991**	**13,489**	**503**	***3.7%***

The following are noted with regard to the above items of the consolidated statement of income of 2019 compared to 2018.

Consolidated sales amounted to 89.277 million Euros, posting an increase of 5.7%, while gross profit amounted to 21.523 million Euros, posting an increase of 2.3%.
Operating profit settled at € 9.264 million, down by 12.3%, mainly due to a 45.2% increase in depreciation and operating expenses (Administrative expenses, Distribution expenses, Research & Development, other operating income-expenses) by 14.7% compared to the previous fiscal year 2018.
Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 14.656 million, up by 2.7% from the previous fiscal year (2018).
Profit before tax amounted to 9.485 million Euros, posting a decrease of 3.9%.
Profit after taxes amounted to 7.195 million Euros increased by 1.4% compared to the fiscal year 2018. The income tax for year 2019 was calculated based on a tax rate of 24%. The corresponding tax rate for the fiscal year 2018 had settled at 29%.

C. Items of the Statement of Cash Flows

STATEMENT OF CASH FLOWS *EUR THOUS.*	GROUP		COMPANY	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Net cash flows from operating activities	13,198	9,713	11,371	7,226
Net cash flows from investment activities	(6,266)	(8,895)	(4,652)	(7,010)
Net Cash flows from financing activities	(4,730)	468	(3,964)	974
Net (decrease)/ increase in cash and cash equivalents	2,201	1,287	2,755	1,190
Cash and cash equivalents at the beginning of the period	13,223	12,046	10,529	9,339
Effect from foreign exchange differences	46	(109)	0	0
Cash and cash equivalents at the end of the period	15,470	13,223	13,285	10,529

The cash outflows for the Group's investment activities amounted to 6.266 million Euros and were covered in entirety by the cash and cash equivalents that derived from the operating activities of the Group.

D. Financial Ratios

The major financial ratios are presented below.

Financial Ratios	GROUP		COMPANY		
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	Explanation
Capital Structure	65.6%	61.4%	69.6%	65.5%	Total Equity / Total Assets
Liquidity Ratio	2.4	2.2	2.9	2.6	Total Current Assets / Total Short-term Liabilities
Profit Margin (before taxes)	10.6%	11.7%	12.7%	14.0%	Earnings before Taxes / Total Turnover
Return on Equity (before income tax)	12.8%	14.6%	12.7%	14.4%	Earnings before Taxes / Total Equity

E. Alternative Performance Measures (APM)

The Alternative Performance Measure (APM) constitutes a financial ratio or an indicator measuring the historic or future financial performance with regard to the Financial Position or the cash flows. The APM is not stipulated or required by the existing framework of financial information (IFRS).
The general principle of the Group is to present the particular alternative performance measures in a clear and transparent manner so that these indicators are appropriate and useful for decision making purposes by the readers of the financial statements.
The APM should be taken into consideration always in conjunction with the financial results that have been prepared in accordance with the IFRS and in no case should they replace them.
The Management monitors the following performance measures:

a) Capital Management

The goals of the Group with regard to the capital management refer to the uninterrupted course of its business activities, the assurance of the financing of investment plans and the optimal allocation of capital targeting the reduction of cost of capital.
For the purposes of capital management, the Group systematically monitors the ratio:
“Net debt to Total employed capital”.
The net debt is calculated as the total short-term and long-term interest bearing liabilities minus the total cash and cash equivalents.
The total capital employed is calculated through the sum of the net bank debt and the total equity.
For the fiscal years ended on 31st December 2019 and 2018 respectively, the particular ratio settled as follows:

EUR THOUS.

	Group		Company	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Long-term debt obligations	11.359	14.143	10.645	13.073
Short-term bebt obligations	4.255	4.324	3.627	3.627
Total bank debt	**15.614**	**18.467**	**14.273**	**16.700**
Liabilities for Leases	1.183	0	636	0
Total Debt	**16.797**	**18.467**	**14.909**	**16.700**
Minus : Cash and cash equivalents	15.470	13.223	13.285	10.529
Net Debt (1)	**1.327**	**5.244**	**1.624**	**6.171**
Total Equity (2)	**74.280**	**67.741**	**77.187**	**70.332**
Total Employed Capital (1)+(2)	**75.607**	**72.985**	**78.811**	**76.502**
Net Debt / Total Employed Capital	**1,8%**	**7,2%**	**2,1%**	**8,1%**

The Group may affect its capital structure via the repayment or the collection of additional bank debt, through share capital increase or return of capital to shareholders, and via the distribution or not of dividends and through other distributions.

b) Earnings before interest, taxes, depreciation and amortization (EBITDA)

For the fiscal years ended on 31st December 2019 and 2018 respectively, the particular figure settled as follows: (amounts are expressed in thousand Euros)

EUR THOUS.

	GROUP		COMPANY		
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018 #	Note
Operating Profit	9,264	10,560	10,118	10,666	Statement of Income
Depreciation of tangible fixed assets	4,780	3,678	3,521	2,787	Cash Flow Statement
Amortization of intangible assets	317	289	317	289	Cash Flow Statement
Amortization of right-of-use assets	501	0	242	0	Cash Flow Statement
Amortization of investment grants	(207)	(253)	(207)	(253)	Cash Flow Statement
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**14,656**	**14,274**	**13,991**	**13,489**	

SECTION E

Analytic information, according to article 4 par. 7 l. 3556/2007, as currently in effect, and respective explanatory Report

According to article 4 par. 7 of Law 3556/2007 the Company is obliged to disclose analytic information in the present Report, as regards to a number of issues. Therefore, in compliance with the relevant legal provision, the following are disclosed:

1) The Company's share capital, following the last amendment which was approved by the Annual General Shareholders' Meeting on 28.06.2019, amounted to 6,328,812.96 Euro as of 31.12.2019, is paid up in full and is divided into 11,720,024 common voting registered shares with a nominal value of 0.54 Euro each.

It is noted that the relevant amendment of the article 5 of the Company's Articles of Association, following the decision of the annual Ordinary General Meeting of Shareholders on 28th June 2019, was approved with the decision 80363/01.08.2019 (ΑΔΑ: Ψ7ΣΝ465ΧΙ8-Ο7Μ) of the Department of Public SA and Sports SA of the Division of Companies and GEMI of the General Market Division of the General Secretary of Trade and Consumer Protection of the Ministry of Finance and Development, which was registered in the General Electronic Commercial Registry (GEMI) on 01.08.2019 with registration number 1808333.

All Company shares (common registered) are listed and traded on the Athens Exchange.

Each share includes all the rights and obligations defined by law and the Company's Articles of Association. Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the decisions made in accordance with law and the Company's Articles of Association, by several instruments of the Company. Each share provides one (1) voting right.

2) There are no limitations as regards to transfers of Company shares, either from the company's Articles of Association, or from specific agreements, or from other regulatory provisions etc, except for limitations imposed by three (3) existing agreements of subordinated Bond Loans issued by the Company, according to which the Ginosati family aggregately must own a percentage of at least 34% of the Company's paid up share capital, in order to maintain the capacity of a "Controlling Majority".

3) The Company's main participations (direct and indirect) are as follows:

(a) FLEEXOPACK POLSKA Sp.z.o.o: foreign Company domiciled in Poland. The Company now holds 100.00% of shares and voting rights (following the acquisition of the minority stake during the year 2017),

(b) "FLEXOSYSTEMS Ltd Belgrade", foreign company, based in Serbia. The Company holds 100% of shares and voting rights,

(c) «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights),

(d) «FLEXOPACK PTY LTD»: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(e) «FLEXOPACK PROPERTIES PTY LTD»: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(f) « FLEXOPACK NZ LIMITED »: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary « FLEXOPACK PTY LTD » (indirect participation of the Company).

(g) «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Foreign company domiciled in UK, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(h) "FLEXOPACK FRANCE": a foreign company based in Lyon, France, which is also 100% owned by the subsidiary "FLEXOPACK INTERNATIONAL LIMITED" (indirect participation of the Company)

(i) INOVA PLASTICS SA: Domestic company in which the Company holds 50% of shares and voting rights,

(j) VLACHOU BROS SA: Domestic company in which the Company holds 47.71% of shares and voting rights,

Furthermore, regarding the direct or indirect significant holdings in the voting rights of the Company, within the meaning of articles 9 to 11 of law 3556/2007, and on the basis of the relevant notifications received by law (and the MAR) in the Company on behalf of the shareholders, these have as follows:

(a) Stamatios Ginosatis: 30.886% (direct participation)

It is noted that on 19.12.2013, Mr. Stamatios Ginosatis, Vice Chairman and Deputy Managing Director of the Company, transferred under the cause of selling, the bare ownership of 1,609,933 common, registered Company shares to Mr. Dimitrios Ginosatis, while at the same date, he transferred, also under the cause of selling, the bare ownership of 1,609,933 common, registered shares to Mr. Spyridon Ginosatis. Mr. Stamatios Ginosatis retained the lifetime usufruct of all of the transferred shares, i.e. of 3,219,866 shares, which includes the voting rights and the right to receive the corresponding dividends.

(b) George Ginosatis: 17.437% (direct participation)

It is noted that on 19.12.2013, Mr. George Ginosatis, Chairman and CEO of the Company, transferred, under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Stamatina Ginosati, while at the same date, he transferred, also under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Catherine Ginosati. Mr. George Ginosatis retained the lifetime usufruct of all the transferred shares, i.e. of 1,763,574 shares, which includes the voting rights and the right to receive the corresponding dividends.

(c) Nikolaos Ginosatis: 16.289% (direct participation)

It is noted that on 19.12.2013, Mr. Nikolaos Ginosatis, shareholder of the Company, transferred, under the cause of selling, the bare ownership of 600,000 common, registered shares to Ms. Stamatina Ginosati, maintaining the lifetime usufruct of all the transferred shares, which includes the voting rights and the right to receive the corresponding dividends.

(d) Canaccord Genuity Wealth (International) Limited [former Collins Stewart (CI) Limited]: 5.107 % (direct participation)

4) There are no shares, which provide special control rights.

5) To the Company's knowledge, no restrictions on voting rights exist for the Company's shareholders. However, the notes presented in 3) (a) (b) and (c) with regard to the beneficial interest of the major shareholders are highlighted.

6) To the Company's knowledge, there are no agreements between shareholders that imply limitation on the transfer of shares or limitations on the exercise of voting rights.
7) As regards to the appointment and replacement of the Company's Board members and concerning the amendment of the Company's Articles of Association, there are no rules that differ than those stipulated in L. 4548/2018, as such is in effect today.
8) The Board of Directors or specific members of the Board of Directors have no special authority for the issuance of new shares or the purchase of treasury shares, as no relevant decision has been made according to article 49 of Law 4548/2018.
9) There is no significant agreement contracted by the Company, which becomes in effect, is amended or terminated in case of change in the Company's control following a tender offer, with the exception of:
(a) The signed, on 27.01.2017, agreement for the coverage of the common Bond Loan between the Company and "ALPHA BANK S.A." (Trustee of the payments), agreement which provides for the right of the Bondholder to denounce the loan "if the Issuer's current shareholding structure is altered, directly or indirectly, as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 34% of the paid in share capital and equal voting rights",
(b) the signed bond agreement dated 21.12.2018 between the Company and the National Bank of Greece SA; (a representative of the Bondholders and the attorney-at-law of payments), which also provides for the right of the Bondholder to terminate "if the percentage of participation in the paid-up share capital of the Issuer belonging to the Ginossati family is less than 34% of that with the voting rights"; and
(c) The signed, on 24.12.2018, agreement for the coverage of the common Bond Loan between the Company and "EUROBANK ERGASIAS S.A." (representative of the Bondholders and Trustee of the payments), agreement which provides for the right of the Bondholder to denounce the loan "if the Issuer's current shareholding structure is altered as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 34% of the paid in share capital of the issuer".
The aforementioned terms (terms of change in control) are absolutely common practices and are included in all common Bond Loans which are covered or subscribed by the banking institutions (in fact the controlling majority is usually defined as over 50%).
10) There is no agreement between the Company and the Board members or employees, which provides for indemnity in case of resignation or termination of employment without reason or termination of employment term or their employment emanating from any public tender offer.

Explanatory report regarding the information, prepared according to the article 4 par. 8 L. 3556/2007

The numbering in the present explanatory Report (which is prepared according to article 4 par. 8 of L. 3556/2007) follows the respective relevant numbering of information of article 4 par. 7 of L. 3556/2007, as such information is presented above:
1. The structure and form of the Company's share capital is presented in detail in article 5 of the Company's Articles of Association. The Company's shares were listed on the Athens Exchange on April 2nd 1996 and since then are traded without interruption.
2. No such limitation is imposed either by law, either by the company's Memorandum of Association, or by any other agreement, apart from the common Bond Loan Agreements, reference to which is made also in Section E.9.
3. Data regarding the number of shares and voting rights owned by individuals with significant participations, have been presented according to the relevant disclosures notified according to law (and the MAR) to the Company, on behalf of shareholders.
4. There are no other categories of shareholders, namely there are only common registered shares with voting rights.
5. No such limitations have been notified to the Company.
6. Likewise no such agreements have been notified to the Company.

7. In the particular matters, the Company's Articles of Association do not deviate from the provisions of Law 4548/2018 as it is currently in force.
8. There is no such special authority.
9. In the lack of such agreements, apart from those mentioned, no clarification is deemed necessary.
10. Likewise, in the lack of such agreements no clarification is deemed necessary.

SECTION F
Information on labor and environmental issues

1. On 31/12/2019 the Group employed 407 people and the Company 288 people, under regular employment terms. It should be noted that the Company maintains an excellent relationship with its employees and no work problems arise since one of the top priorities for the Company is to maintain and promote a peaceful work environment and to continuously improve and upgrade working conditions, in order to achieve the best possible utilization of human resources on a production level. The Company takes care of all necessary measures and adopts practices in order to fully comply with current labor and insurance regulation.

(a) Policy concerning discrimination and equal opportunities
The Group's Management does not make any discrimination in relation to recruitment, remuneration and promotion based on gender, race, religion, color, nationality, religious beliefs, age, family status, sexual orientation, any participation in unions or any other characteristics. The only factors which are taken into consideration, with an emphasis on the principles of meritocracy, consist of the experience, the personality, the education, the specialization and the broader skills of the individual, whereas the Company encourages and recommends to all of its employees to respect the diversity of the personnel, suppliers and customers of the Group and to reject any behavior that makes discrimination of any nature.

(b) Respect to the employee rights
The Management of the Group applies with no deviation the effective labor legislation and respects the relevant provisions and clauses with regard to the child labor, human rights as well as the ability of employees to participate in unions.

(c) Health and safety at work
The protection of health and safety of employees is a top priority for the Group's Management, which systematically monitors and inspects all potential risks that may emerge from the business activities, and takes all the necessary precautionary measures for the avoidance of accidents. At the same time, the entire personnel attend educational seminars covering the areas of health and safety at work.
Moreover, the Group's Management ensures the compliance to the fire safety rules and manages effectively any extraordinary cases or needs, whereas it takes care for the training of the personnel in the areas of fire protection, fire incidents, use of portable fire protection means, as well as the performance of drills as precautionary actions in order to encounter real cases of danger whenever needed. Finally, all the above are being complemented by additional benefits which facilitate the daily life of the employees such as the regular visits made by occupational doctor.

(d) Employee benefits
Given the fact that the balance between work and personal life is a crucial factor which affects the efficiency and productivity of employees, the Group applies a series of benefits and policies towards this direction for the employees and their families, which are summarized in the following:
-- Facilitation of the employees with flexible working schedules in cases of special need (illness, briefing about the progress of the employees' children, etc.),

-- Financial assistance towards financially disadvantaged employees in order to manage unexpected cases and needs,
-- Healthcare coverage and insurance of serious illness in case there is no such financial capability,
-- Advance payment of salaries for health reasons or for coverage of special needs of employees,
-- Granting of loans to employees facing financial difficulties.

(e) Education and development of employees

The business success of both the Group and especially the Company is based on its people. The Company offers a work environment which is characterized by stability so that all employees are encouraged to remain productive and oriented towards the achievement of the most optimal result, to undertake initiatives to the benefit of the corporate interest and to manage their own development with zeal and integrity. Through the highly recruited Department of Human Resources, the Management of the Company can distinguish the abilities of the employees and appoint them to the positions where these employees will contribute the maximum result and will also have the opportunity to excel. The size of the Company and its growth allow its employees to assume the most suitable position and to utilize their knowledge and skills to the highest degree as well as to further develop these skills.

2. The Company recognizes the need for continuous improvement of its environmental targets based on the principle of sustainable development and compliance with current regulation and international standards, aims for balanced economic development in harmony with nature. Following a viable growth route it develops its activities in such a way to secure the protection of environment and the health and safety of its employees, the local community and the public.
The Company's policy to secure environmental protection is particularly based on the following basic principles:

• It takes measures to protect the environment in line with environmental legislation and the approved, in relation to its operation license, environmental terms.
• It applies an Environmental Management System on the overall activities of its production process.
• It adopts specific rules for environmental controls on its internal production operation.
• It improves its overall environmental behavior particularly on issues of prevention of environmental pollution and management of emergencies.
• It establishes, to the extent and degree possible, the definition of ecological sensitivity and environmental vision, which inspires the highest level throughout the entire pyramid of the Company's employees,
● It seeks to act responsibly even at the level of the supplies it performs, aiming at the reduction of its environmental footprint (for example, detailed review of the technical characteristics of the products, assurance about their ability to be recycled, supplies of materials produced via the most environmental friendly methods, etc.). Finally, it must be noted that the production process has been planned in a way that renders the use of available sources effective and minimizes the negative effect on the environment.

SECTION G
Other information, Treasury shares, Events after the reporting period

1. None of the Group's companies has branches, apart from the parent Company whose old building, which is located across from the new industrial plan, is considered as a branch. During the closing year there was no transfer of domicile for any of the Group's companies, nor was any decision made regarding the opening or operation of any branch.

2. The Company has a special Research and Development Department, consisting of high standards scientific personnel, which via the continuous study and monitoring of the market targets the development of new products and the upgrading of the existing ones in order to fully cover the constantly changing market needs and effectively respond to the customer requirements.

3. None of the undertakings participating in the consolidation holds shares or units of paragraph 1e of Article 26 of Law 4308/2014.

4. There are no other important events which took place after the end of the closing year 2019 and until the preparation date of this Report and which are worthy of a special note in this Report with the exception of the following:

(a) Following the decision of the Board of Directors of the Company dated 3 March 2020, a Concluding Agreement for the Coverage of a Common Bond Loan through private placement was signed on 9 March 2020, in accordance with the provisions of Law 4548/2018 and Law 3156/2003, as in force, of a total nominal value of four million five hundred thousand Euros (4,500,000) via coverage of this amount by the Societe Anonyme Company under the name "ALPHA BANK SOCIETE ANONYME". "ALPHA BANK SOCIETE ANONYME" has been appointed as the Payment Manager and Representative of the Bond Holders.
The product of the above Common Bond Loan will be used by the Company as follows:
(i) an amount equal to three million nine hundred and twenty-eight thousand five hundred and sixty Euros (3,928,560), for the refinancing of its existing loan and (ii) an amount equal to five hundred and seventy one thousand four hundred and forty Euros (571,440) for its business activities.

(b) The management of FLEXOPACK proceeded with the capital increase at an amount of two million Euros, meaning by percentage of 100%, of its subsidiary company "FLEXOPACK INTERNATIONAL LIMITED" located in Larnaca, Cyprus.
This capital increase was made primarily for the purpose of the further funding and capital expansion of the Group's subsidiary in Brisbane, Australia, under the name "FLEXOPACK PTY LTD" (in which the above Cypriot subsidiary holds 100% of the voting rights). That was deemed appropriate as the latter (FLEXOPACK PTY LTD) has been significantly expanding its turnover and is in direct need of financial support for this development phase both through new investments and through organizational restructuring.

SECTION H

Corporate governance statement

The present Corporate Governance Statements (hereinafter the “Statement” or “CGS”) is prepared according to article 152 of Law 4548/2018 and is part of the Annual Report of the Company’s Board of Directors.
The Contents of the CGS are as follows:

4.1 Basic characteristics of the internal control system
4.2 Risk management of the Company and Group in relation to the procedure for preparing financial statements (separate and consolidated)
***5. Other management, supervisory bodies or committees of the Company**
***6. Additional information**

*** <u>INTRODUCTION</u>**

The term "corporate governance" describes the manner in which companies are managed and controlled. Corporate governance is defined and structured as a system of relations between the Company's Management, the Board of Directors, shareholders and other interested parties, it constitutes the structure through which the Company's objectives are approached and set out, the means to achieve and evaluate such objectives are defined, the major risks the Company faces during its operation are detected, and the effective as well as systematic monitoring of Management's performance while implementing the above is rendered possible.
The effective and essential corporate governance plays a substantial and leading role in promoting competitiveness of companies, improving their operating infrastructure and developing innovative actions, while the increased transparency it promotes results in an improvement of transparency throughout the entire economic activity of private companies as well as public organizations and institutions, for the benefit of all shareholders of companies and of all parties engaged in the relevant transactions.

In October of 2013 the new Corporate Governance Code was released, which was compiled at the initiative of the Federation of Enterprises (SEV), and subsequently amended in its first revision by the Hellenic Council of Corporate Governance (HCGC).
HCGS was founded in 2012 and constitutes the result of collaboration between Hellenic Exchanges (Helex) and the Federation of Enterprises (SEV), which recognized the joint contribution of corporate governance in the continuous improvement of the competitiveness of Greek enterprises an cooperate towards this direction ever since.

***<u>1. Corporate Governance Code</u>**

<u>1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code</u>
In Greece, the corporate governance framework has mainly been developed through the adoption of mandatory rules such as law 3016/2002, as it is in effect until today, which imposes the participation of non-executive and independent executive members in the Board of Directors of Greek companies, whose shares are traded on a regulated market, the establishment and operation of an internal audit unit and the adoption of an internal operation regulation. Following, other subsequent legislation has incorporated the European directives on corporate law in Greek law, thus creating new corporate governance rules, such as law 3693/2008, which imposes the establishment of audit committees (it was superseded by Law 449/2017) as well as significant disclosure requirements as regards to the ownership and governance of a Company and law 3884/2010 that refers to shareholders' rights and additional corporate disclosure requirements towards shareholders during the preparation of a general meeting. Finally, law 3873/2010 also incorporated the EU Directive 2006/46/EC in Greek law, thus operating as a reminder for the need to establish a Corporate Governance Code and at the same time acting as its foundation.

The Company <u>fully complies with the statutory requirements and regulations of the aforementioned legislation (specifically Law 4548/2018, Law 3016/2002 and Law 4449/2017 as currently in force), which also constitute the minimum content of any Corporate Governance Code and essentially (the relevant provisions) make up such an informal Code.</u>

In view of the above mentioned, the Company declares that, at present, even during the current financial year, it adopts as Corporate Governance Code (CGC) the Code of Corporate Governance that was formed from the Greek Council of Corporate Governance (HCGC) (available on http://www.helex.gr/el/esed), to which it states, along with the present Statement, that it is subject to with the following deviations and exceptions.

1.2 Deviations from the Corporate Governance Code and justification of these. Specific provisions of the Code that the Company does not apply and explanations on the reasons for non-compliance.

First of all, the Company confirms, through this statement, that it strictly follows the provisions of the Greek legislation regarding corporate governance (Law 4548/2018, Law 3016/2002 and Law 4449/2017), which form the minimum content of any Corporate Governance Code, that is aimed at companies whose shares are traded on a regulated market.

An important addition, however, to the new Corporate Governance Code, developed in line with the above and adopted by the Company, is the adoption of the standard regarding explanations of non-compliance of the Company with certain specific practices of the Code. This means that the new Code follows the approach of 'comply or explain' and requires from listed companies, which choose to adopt it, to disclose their intention and either comply with all the specific practices of the Code, or explain the reasons of non-compliance with certain specific practices.

In connection with these additional practices and principles established by the new CGC, there exist, at present, certain deviations (including the case of non-application), for which deviations a brief analysis and explanation on the reasons justifying them follows.

•Part A-The Board of Directors and its members

I. Role and Responsibilities of the Board of Directors

- The Board has not proceeded so far to the establishment of a separate committee, which heads the procedure of Board nominees applications and prepares the recommendations to the Board, regarding the remuneration of the executive members and the key senior executives.

This deviation is justified by the fact that the Management of the Company, in compliance with the regulatory framework formed by Law 4548/2018 and in particular articles 110 and 111 thereof, has drawn up a Remuneration Policy, which was approved by the Annual Ordinary General Meeting of Shareholders of June 28, 2019 and therefore the establishment of a separate committee, which would prepare proposals to the Board with regard to the remuneration of its executive members and other executives, shall not be deemed appropriate and necessary.

The Company has adopted a flexible, clear and adequately defined Remuneration Policy regarding the remuneration of the members of the Board of Directors, so that stakeholders can easily and accurately identify the basic principles and priorities in the process of determining fees.

It is pointed out, for reasons of completeness of this Statement, that the remuneration of the executive members of the Board of Directors include fixed and variable fees, while the remuneration of non-executive members is fixed, paid exclusively in cash and subject to the provisions of the applicable insurance and tax legislation.

Further, the non-existence of a separate committee, heading the procedure for Board nominees applications, is explained by the fact that Board nominees, since the establishment of the company until today, meet all the necessary requirements and provide all guarantees for the award to those of the membership to the Board, they are noted for their high professional training, knowledge, skills and expertise, they stand out for their morality and integrity and therefore there has not arisen so far any need to establish such a committee.

II Size and Composition of the Board

- This diversity policy, including gender balance for board members as adopted by the Board of Directors will be posted on the corporate website. The corporate governance statement should include specific reference to: a) the diversity policy applied by the Company as to the composition of the Board and senior management and b) the representation percentage of each sex respectively.

The current Board of Directors consists of a majority of men, i.e. out of a total of nine (9) members in the Board, six (6) members are men and three (3) members are women.

This divergence is justified by the increased demands associated with the membership in the Board in relation to the productive activity of the Company and, in particular, the productive nature of the Company (industry), which creates special requirements for the composition and constitution of the management team of the Company, as well as by the presence of the Group in markets in all geographic continents, necessitating the frequent traveling as well as the residence for long time periods outside Greece of the members of the Board. However, the fact that members of the administration are women's representatives is extremely important to enhance pluralism and the synthesis of different views in the functioning of this collective body

III Role and profile of the Chairman of the Board of Directors

- No explicit distinction between the responsibilities of the Chairman and the Chief Executive Officer is established.

This diversion is due to the fact that it is not advisable to create this distinction in view of the organizational structure and operation of the Company, and in view of the fact that the Vice Chairman of the Board has and shall exercise himself the powers of the CEO, resulting into the existence of two equal in power positions (Chairman and Vice Chairman). When the company further strengthens its extroversion, gains stronger international presence and greatly increases the volume of its business, the need for establishing an explicit distinction between the responsibilities of the Chairman and the Chief Executive Officer will be reassessed. The same holds for the potential new and expanded composition of the Board of Directors with the goal of the most effective monitoring of the associate companies of the Group. In any case, the possession of the powers of Deputy Managing Director by the Vice Chairman of the Board substantially fulfills this requirement, since as it was noted, it creates a peer axis of administration and representation of the Company.

However, it should be noted that in view of the new provisions of the draft law on corporate governance, the Company is considering the prospect of such a distinction, in order to further strengthen its institutional status-quo, while not losing the necessary flexibility in its administration and representation.

- The Board does not appoint an independent Vice Chairman among its independent members.

This diversion is offset by the Executive Vice Chairman appointment, since at present, the everyday and substantial assistance of Vice Chairman to the Chairman and the provision of any possible assistance to him, is evaluated as highly important, in order to effectively perform his tasks and, in general, his responsibilities and in order to contribute greatly to the achievement of corporate objectives. In any case, the fact that none of the independent members hold the position of the Vice Chairman, does not mean that these members are not in position to conduct their duties effectively or that they are affected in terms of their functioning independence.

IV. Duties and conduct of the Board members

- The Board has not adopted, as part of its Internal Company Regulations, policies which ensure that the BoD has sufficient information on which to base its decisions regarding transactions between related parties in accordance with the standard of a prudent businessman. These policies should also be applicable to transactions of the Company's subsidiaries with related parties. The CGS should include specific reference to policies implemented by the Company in relation to the abovementioned.

Although there is no specific and concrete policy in this direction, which sets the context of acquiring sufficient information on behalf of the Board, in order to base its decisions on transactions between related parties on the standard of a prudent businessman, the Board of Directors, in managing corporate affairs and, hence, in transactions between the Company and related parties, presents the diligence of a prudent businessman, so that these transactions are, firstly, fully transparent and consistent with the terms and conditions of the market and, on the other hand, fully compatible with the current regulatory framework, as determined by the relevant provisions of both the corporate and tax legislation. The same diligence is presented regarding transactions of the Company's subsidiaries with related parties. The decisions of the BOD are taken in continuation of the relevant proposals made by the respective Departments and after having ensured the completeness of the relevant information provided to its members.

If necessary, the Company will proceed to establishing a working group for defining the applicable procedures for the acquisition, on behalf of the Board, of sufficient information, in order to base its decisions on transactions between related parties on the standard of a prudent businessman. However, at present, and in view of the integrated organization and operation structures of the Company, there exists no such need, since any of the BOD members has the ability of direct or indirect communication with the pertinent departments and divisions of the Company for the provision of the necessary clarifications or information in their entirety.

- There is no obligation of any disclosure with regards to professional commitments of Board members (including significant non-executive commitments to companies and non -profit institutions) prior to their appointment to the Board.

This deviation is explained by the fact that Board members have such a high educational level, demonstrating professionalism and practical commitment to the Company and, therefore, despite the lack of statutory liability for the disclosure of any professional commitments of Board members before their election therein, they would outright proceed to the relevant disclosure if they considered that there exists any conflict of interest or any form of psychological, professional or economic influence.

V. Nomination of Board members

- Board members are not elected for a maximum term of office of four (4) years.

According to Article 9, par. 2 of the existing Articles of Association "Board members are elected by the General Meeting of shareholders of the Company for a five-year term".

This relatively limited deviation is due to the necessity of avoiding the election of the Board of Directors at shorter intervals, which entails the encumbrance of the Company with costs for the formalities of publicity and the continuous submission of legitimizing documents to the cooperating banks, financial institutions and other legal entities or privates.

Besides, the provision for a maximum term of office of members of the Board amounting to four (4) years runs the risk that the elected Board may not be able to complete its work and that the effective administration of the company affairs and management of corporate property is jeopardized, due to the frequent change of management and the potential divergence of minds that may exist concerning the promotion of the interests and activities of the Company.

- There is no Board nomination committee.

This deviation is justified by the size, structure and operation of the Company at the present time, which do not render necessary the existence of nomination committee. Moreover, whenever the issue of electing a new Board of Directors arises, the Management of the Company shall ensure the existence and implementation of fully transparent procedures, assess the size and the composition of the Board to be elected, examine the qualifications, knowledge, attitudes, skills, experience, ethics and integrity of the Board candidates and, thus, fully meet the work that the nomination committee should do, if it existed.

However, it should be noted that in view of the new provisions of the draft law on corporate governance, the Company is considering the establishment and operation of such a Committee, in order to form a solid framework for the nomination of candidate members of the Board.

VI. Functioning of the Board of Directors

- There are no specific internal regulations of the Board.

This deviation is explained by the fact that the provisions of the Articles of Association in conjunction with the existing regulatory framework are evaluated as satisfactory for the organization and the overall functioning of the BoD and ensure the full, proper and timely fulfillment of duties and the adequate consideration of all issues, on which it is required to take decisions.

- The BoD, at the beginning of each calendar year, shall not adopt a calendar of meetings and a 12-month action plan, which may be revised depending on the needs of the Company.

This deviation is easily understood from the fact that all members of the Board of Directors are residents of the county of Attica and hence the convocation and convening of the Board is easy, whenever required by the needs of the Company or the law, without a predetermined plan of action.

- There is no provision for the support of the BoD in the performance of its work by a competent, qualified and experienced company secretary, who will attend the meetings.

This deviation is justified by the fact of the existence of high-tech equipment for the prompt and accurate recording and chartering of Board meetings. Further, all members of the Board are able, if needed, to resort to the services of legal advisors of the Company to ensure compliance of the Board with the current legal and regulatory framework.

It should be noted that according to the new CGC, the corporate secretary tasks can be performed either by a senior officer or a legal advisor. The corporate secretary's duty is to provide practical support to the Chairman and the other Board members, individually and collectively, with the ultimate purpose to ensure full compliance of the Board with legal and statutory requirements and provisions.

The Company intends to consider, in the near future, the necessity of establishing a company secretary position with a view to ensure the further effective functioning of the Board and the provision of any necessary assistance to the members thereof.

- there is no provision for the existence of induction programs for new Board members and the continuous professional and vocational training for the rest of the members.

This deviation is explained by the fact that only persons with proven experience, high educational level and identified organizational and administrative skills are proposed for Board members. Besides, the basic principle governing the operation of both the Company and the Group is the continuing training and education of the personnel and its seniors and the reinforcement of corporate consciousness at all levels by conducting periodic training sessions depending on the sector in which each member is active and the tasks with which he is bound, namely the continuous training governs as a principle the whole philosophy and operation of the Company and is not just limited to the members of the Board.

- there is no provision for providing adequate resources to the committees of the Board for the performance of their duties and engage external advisors to the extent needed.

This deviation is due to the fact that the Management of the Company considers and approves per case expenditure for the possible hiring of external consultants based on current business needs, restraining thus the operating expenses of the Company on purpose.

VII. Evaluation of the Board of Directors

- The evaluation of the effectiveness of the Board and its committees shall not take place at least every two (2) years and is not based on specific procedure. The Board does not evaluate the performance of the Chairman through the process headed by the independent Vice Chairman or other independent non -executive, independent non-executive member, in case of absence of the Vice Chairman.

At present, there is no institutionalized process to assess the effectiveness of the Board and its committees, nor is the performance of the Chairman of the Board evaluated, through a process headed by the Vice Chairman or other independent non -executive member, in case of absence of the Vice Chairman.

This process is not considered necessary in view of the organizational structure of the Company, since there exists no watertight among the Board members, and whenever deemed necessary or weaknesses or failures are identified, with regards to the organization and functioning of the Board, there take place meetings and thorough discussions, through which the problems presented are analyzed, taken decisions and other acts or declarations of the Directors are criticized, without any exceptions. Besides, the Board monitors and reviews periodically the proper implementation of the decisions taken on the basis of the established timelines, while the efficiency and overall performance of the Board itself is evaluated annually by the Annual General Meeting of the Company in accordance with the principles and the procedure described in detail in both the Law 4548/2018 and in the Company' Articles of Association.

The Company, in order to comply with the practice introduced by the new CGC, is in the process of examining the feasibility of establishing a system of monitoring and evaluation of the Board, whose conclusion is not possible to determine with absolute punctuality.

• ***Part B Internal control***

I. Internal Control- Audit Committee

- no particular funds are available to the Audit Committee for the utilization on its behalf of external consultants.

This deviation is justified by the present composition of the Audit Committee, the expertise and experience of its members, which ensure the proper, lawful and effective functioning of the Committee and the fulfillment of its tasks in full, so that no need for the use of services of external consultants arises.

In any case, however, if the assistance of external consultants is deemed appropriate and necessary, for the further improvement of the structure and functioning of the Committee, it is taken for granted that the Company will make available all necessary funds.

• ***Part C-Fees***

I. Level and structure of remuneration

- there is no remuneration committee, consisting solely of non-executive members, which are independent in their majority, whose mission is to define the remuneration of executive and non-executive board members and thus there are no settings for the duties of this committee, the frequency of its meetings and other issues relating to its functioning.

This deviation is due to the fact that the establishment of such a committee, given the structure and general operation of the Company has not been considered necessary to date.

Thus, the Company in compliance with the legal requirement of articles 110 and 111 of Law 4548/2018, proceeded to the preparation and establishment of the Remuneration Policy, the content of which was approved by the annual Ordinary General Meeting of Shareholders of 28 June 2019. The objective of the Remuneration Policy lies in the establishment and determination of the basic rules, principles and guidelines in general, which the Company follows during the process of determination of remuneration, allowances and other benefits provided to the members of the Board of Directors. Also, in ensuring that the fees paid are commensurate with the duties, the degree of employment, the responsibilities and the performance of the persons to whom it is applied, in avoiding the Company's exposure to excessive risks, due to the payment of extraordinary salaries which do not comply with the prevailing economic conditions and the wider financial environment in which the Company develops its operations and business activities.

The approved Remuneration Policy, on the one hand, provides incentives to attract and retain competent Board members with high education, long-term professional experience and remarkable skills, and on the other hand aims to strengthen and maximize the long-term economic value of the Company, to ensure its capital adequacy, liquidity and sustainability, to promote corporate goals and interests and to enhance internal transparency.

According to the approved Remuneration Policy, the parameters taken into account in determining and defining remuneration, in particular of the executive members of the Board of Directors, consist of the academic background and general education level, the previous professional experience, the level of responsibility, the duties and operational requirements of the position in conjunction with the economic climate prevailing in the domestic market, and the Company's annual budget. It is pointed out that the approved Remuneration Policy will remain posted on the Company's website throughout its validity period.

- Contracts of the executive members of the Board do not provide that the Board may require repayment of all or part of the bonus that is awarded to them because of misconduct or inaccurate

financial statements of previous years or, in general, on the basis of incorrect financial data used for the calculation of this bonus .

This deviation is explained by the fact that, first of all, any bonus rights (if and whenever exist) mature only after the verification and final approval of the annual Financial Statements and, on the other hand, the case of calculating any administered bonus based on inaccurate financial statements or erroneous financial data has never been encountered, thanks to the excellent organization and control procedures.

However, and in order to comply with the abovementioned requirement of the CGC, the Company's Management is seriously considering importing in the relevant contracts of the executive members of the Board of Directors (if and whenever such a bonus applies), a complementary provision on the right of the Board to require the return of all or part of any bonus that is awarded because of misconduct or false Financial Statements and other financial data.

- The remuneration of each executive Board member is not approved by the BoD upon the proposal of the Remuneration Committee, without the presence of executive members.

This deviation is due to the fact that there is no remuneration committee as mentioned above.

It should be noted, however, that the Company's Remuneration Policy was drawn up with the diligence and via the assistance of non-executive members of the Board of Directors, including its independent members, in order to ensure the correctness, proportionality, appropriateness and objectivity of the proposed fees and benefits in general and with the aim to avoid any conflicts of interest and also any unfavorable psychological effects.

• Part D - Relations with shareholders

I. Communication with shareholders

- The Company has not adopted specific practices regarding communication with shareholders, which includes the Company's policy on interrogation by the shareholders to the Board.

At present, there is no specific statutory procedure for the submission of questions to the Board on behalf of the shareholders, since any of the shareholders has the ability to turn to the Shareholder's Department in order to submit requests and questions, which, if considered necessary, are transmitted, in groups, to the Board for further processing and the relevant response or update is forwarded without delay to the party concerned.

Direct communication between shareholders and the BoD would create difficulties for the smooth functioning of the BoD as it would encumber its members with a significant volume of work, largely ineffective, while at the same time, such communication would be negatively evaluated in the light of the principle of equivalent information of the Company's shareholders. Moreover, the institutionally existent and operating Shareholders Department serves this very purpose, and is responsible for the flow of information that is passed to shareholders.

Furthermore, the provisions of article 141 of Law 4548/2018 describe in detail the process of participation of minority shareholders in the General Meetings of shareholders, a process strictly followed in each Ordinary or Extraordinary General Meeting, in order to ensure, in this way, adequate, accurate and timely information to shareholders regarding the state of corporate affairs and the Company's assets.

However, despite the existence of the abovementioned safety valves, the Company is considering adopting a specific policy on the upgrade of the process regarding the submission of questions by shareholders to the Company, through the Shareholder's Department, but still believes that direct communication of any shareholder with Board members is neither necessary nor appropriate.

II The General Meeting of Shareholders

- No deviation was observed.

<u>General note regarding the time waiver of non-compliance of the Company with the specific practices adopted by the new CGC</u>

As mentioned in the Introduction of this Statement of Corporate Governance, the new CGC, as in force from October 2013, follows the approach of "comply or explain" and requires listed companies, which

choose to apply it, to disclose their intention and either comply with all the specific practices of the Code or explain the reasons for non-compliance with certain specific practices.
Further, the relevant explanation of reasons for non-compliance with certain specific practices, is not limited to a simple reference to the general principle or specific practices which the Company does not conform to, but must, inter alia, indicate whether the deviation from the provisions of the Code is limited in time and when the Company intends to align with the provisions thereof.

Deviations of the Company from the practices established by the new CGC cannot be regarded as subject to strict time limit, given that these practices do not reflect the nature of the function, structure, organizational structure, delivery, corporate values and ethics, ownership status and the company's needs and complying with them may render the application of the "essence" of the principles of the Code difficult. In any case it is important to abide by the "essence" of the principles as this would be most beneficial to the Company itself.
In any case, any Code cannot, nor is it intended to replace the framework of the principles, values and structures of the organization and operation of any company and hence the adoption of provisions that are incompatible with these principles is not considered appropriate.
However, if the circumstances dictate to (no such condition exists as today), the Company will proceed with compiling and forming its own Corporate Governance Code, the identity and settings of which will primarily meet the individual needs and particularities of the Company and enhance long-term competitiveness and success of the Company.

1.3 Corporate governance practices applied by the Company, apart from those stated by law

The Company strictly applies the provisions of the aforementioned legal framework as regards to corporate governance. At the present time there are no applied practices apart from the above provisions.

*** 2. Board of Directors**
2.1 Composition and operation of the Board of Directors

The Board of Directors is the Company's highest management body, and is exclusively responsible for defining the Group's strategy and growth policy. Achieving the increase of the Company's long-term financial value, promoting the general corporate interests and the interests of shareholders, ensuring the Company's compliance towards law, applying transparency and corporate values throughout the Group's overall operations and activities, monitoring and resolving possible cases of conflicts of interest between Board members, managers and shareholders and the Company's interests, are basic responsibilities of the Board of Directors.
2.1.1 The Company's Board of Directors, according to article 9 of its Memorandum of Association, as it is in effect after the relevant amendment by the Annual General Meeting of Shareholders on 30th June 2017, and its last Codification and harmonization by virtue of the decision of the Annual Ordinary General Meeting of its shareholders dated 28th June 2019, consists of five (5) to fifteen (15) members, physical or legal entities. In case of a legal entity, such must appoint a physical person to exercise the authorities of the legal entity as a Board member. The physical entity is jointly and severally liable with the legal person concerning corporate management. The Board members are being elected by the General Meeting of the Company's shareholders for a term of five years, which begins from the day of their election and is extended until the first Ordinary General Meeting following the end of their term, which however cannot exceed a six-year period. The General Meeting may also elect deputy members, equal to the number of the ordinary members. The Board members always have the right to be re-elected and freely revocable by the General Meeting, regardless of the maturity of their term.
When undertaking their responsibilities, the members of the Board of Directors receive an official introductory briefing, while throughout their term the Chairman ensures the continuous enrichment of their knowledge on issues that concern the Company, their familiarity with such and its executives so as to enable them to efficiently and creatively contribute to the activities of the Board of Directors.

2.1.2 The Board of Directors convenes whenever deemed necessary by the law, the present Memorandum of Association or the Company's needs, following an invitation by the Chairman of the Board or his deputy or by two (2) Board members either at the domicile of the Company or in the district of another Municipality within the prefecture of the Company's domicile. The invitation must necessarily include the issues of the daily agenda with clarity, otherwise decision making is permitted only if all Board Members are present or represented at the meeting and no one opposes to the decision making. The Board of Directors also convenes to a meeting whenever requested by the Chairman or by two Board members, according to the provisions of article 91, paragraph 3 of Law 4548/2018, as currently in effect. The Board of Directors validly convenes outside of its domicile at another location, either in Greece or abroad, if during the meeting all members are present or represented and no one opposes to holding the meeting and to the decision making. The Board of Directors may meet by teleconference with respect to certain or all of its members. In this case, the invitation to the members of the Board of Directors includes the necessary information and technical instructions for their participation in the teleconference.

2.1.3 The Board of Directors is in quorum and meets validly when they are present or represented in this half (1/2) plus one (1) of the members, but never the number of present or represented board members may be less than three (3).

2.1.4 The Board of Directors decides by an absolute majority of its members present or represented. In the event of a tie, the vote of the Chairman shall not prevail. Each member may validly represent only one of the other members. Representation in the Board of Directors may not be assigned to persons who are not members of the Board of Directors, unless it is assigned to any deputy member of the Board of Directors. Voting in the Board of Directors is conducted openly, unless a decision by the Board defines that a secret voting will take place and thus in this case voting is made with ballots.

2.1.5 The discussions and decisions of the Board of Directors are recorded in summary in a special book, that may be kept electronically as well. The minutes of the Board of Directors are signed by the members present. In case of refusal to sign by a member, a relevant note is made in the minutes. Following a request by a Board member, the Chairman is obliged to record a summary of his opinion in the minutes. The book also includes a record of the Board members present or represented during the meeting. Copies of Board meeting minutes, which must be submitted to the GEMI (General Electronic Commercial Registry) according to article 13 of Law 4548/2018, are submitted to the relevant Regulatory Authority within twenty (20) days from the meeting of the Board of Directors. Copies and excerpts of the Board of Directors' minutes are certified by the Chairman or his deputy, or in case of his inability by the General Manager of the Company or by a person appointed via decision of the Board of Directors. The preparation and signing of minutes by all Board Members or their representatives is equivalent with a decision by the Board, even if a meeting has not previously taken place. This regulation also applies if all members or their representatives agree to record a majority decision in practice without a meeting.

2.1.6 The Board of Directors may assign the exercise of all or part of its authorities and responsibilities (apart from those that require collective action) as well as its representation to one or more persons, member of the Board or not, by defining the extent of such an assignment at the same time. The Board of Directors is obliged to assign non-members of the Board with the internal control of the Company.

2.1.7 If, for any reason, there is a vacant position in the Board of Directors due to resignation, death or loss of the member capacity in any other way, then the remaining Members, given that such are at least three, must temporarily elect a replacement for the remaining term of the substituted Member with the condition that this substitution is not plausible by the deputy members that may have been elected by the General Meeting. The above election by the Board of Directors takes place with a decision by the remaining members, if such are at least three (3) and is in effect for the remaining term of the member replaced. The decision for the election is subject to the disclosure requirements of article 13 of Law 4548/2018 and is announced by the Board of Directors in the immediately forthcoming general meeting, which may replace those elected, even if a relevant issue has not been included in the daily agenda. The actions of members elected by the above process are considered valid, even in the case where their election is not approved by the General Meeting.

2.1.8 In case of resignation, death or in any other manner loss of the capacity of Board member, the remaining members may continue the management and representation of the Company without replacing the former members according to the previous paragraph, with the condition that the number of such exceeds half of the members as such were numbered prior to the realization of the above events. In any case the remaining members cannot be less than three (3).

2.2 Information on the Board members

2.2.1 The present Board of Directors of the Company consists of nine (9) members and specifically of the following:

(a) Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Street, Chairman of the Board and Chief Executive Officer of the Company, executive member.

(b) Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Street, Vice-Chairman of the Board and Deputy CEO of the Company, executive member.

(c) Asimina Ginosati, of Dimitrios Papanikolaou, resident of Koropi Attica 204 Vas. Konstantinou Street, executive Board Member.

(d) Stamatina Ginosati of Georgios, resident of Koropi Attica, Haravgis Street, P.C. 2295, executive Board Member.

(e) Nikolaos Vlachos of Matthaios, resident of Glyfada Attica, 4 Sokratous Street, non-executive Board Member.

(f) Dimitrios Ginosatis of Stamatios, resident of Koropi Attica, 204 Vas. Konstantinou Street, non-executive Board Member.

(g) Spyridon Ginosatis of Stamatios, resident of Koropi Attica, 204 Vas. Konstantinou Street, non-executive Board Member.

(h) Aliki Benroupi of Sam Samuel, resident of Filothei, Attica, Areti Grakou street no. 4, independent non-executive member of the BoD.

(i) Nikolaos Regos of Eleftherios, resident of Papagou Attica, 7 Reppa Street, independent non-executive Board Member.

The abovementioned Board of Directors was elected by the Annual General Meeting of the Company's Shareholders held on June 30, 2017. The Annual General Meeting held on 29 June 2018 was subsequently approved for the election of a new member (Alice Burnup) in place of a resigned member. The constitution of the elected by the Annual Ordinary General Meeting of Shareholders of 30 June 2017, took place on the same day, while its reorganization took place on 21 June 2018.

The term of the current Board of Directors ends on June 30th 2022.

The decision of the annual Ordinary General Meeting of shareholders of 30th June 2017 with regard to the election of the new Board of Directors as well as the respective minutes concerning the composition of the Board and the determination of the representation of the Company and other legal rights were registered in the General Electronic Commercial Registry (GEMI) on 12.07.2017 with registration numbers (KAK) 1115550 and 1115551 respectively, and in line with the issued announcement under protocol number 843104/12.07.2017 of the Department of Public SA and Sports SA of the Division of Companies and GEMI of the Directorate General of Market of the General Secretariat for Trade and Consumer Protection of the Ministry of Economy and Development.

The reconstruction of this body after the replacement of a resigned member was registered in the General Commercial Registry on July 4, 2018 with Registration Code (CIS) 1416301 and the protocol number of the relevant announcement 1198990 / 4.7.2018 of the Listed SA& Sports SA of the Company's Directorate & GEMI of the Directorate General of Market of the General Secretariat for Trade and Consumer Protection of the Ministry of Economy and Development.

2.3 Audit Committee

2.3.1 The Company, fully compliant with the provisions and requirements of Article 44 of Law 4449/2017, elected at the annual Ordinary General Meeting of Shareholders held on 28 June 2019 an Audit Committee consisting of the following physical persons:

1) Dimitrios Panagotas of Ioannis, Certified Auditor-Accountant in suspension.
2) Aliki Benroubi of Sam Samuel, independent non-executive member of the Board of Directors.
3) Nikolaos Vlachos of Matthew, non-executive member of the Board of Directors.

Mr. Dimitrios Panagotas was appointed Chairman of the Audit Committee, while his term of office was set at three years.

2.3.2 The responsibilities and duties of the Audit Committee include:
(a) monitoring the Financial reporting process and submission of proposals or recommendations for the integrity of the process,
(b) monitoring the effective operation of the internal control system and the risk management system, as well as monitoring the proper operation of the Company's internal audit unit,
(c) monitoring the course of the mandatory audit of annual separate and consolidated financial statements of the Company,
(d) reviewing and monitoring issues relating to the existence and maintenance of objectivity and independence of the legal auditor or auditing firm, especially as regards to the provision of other services by the legal auditor or the auditing firm, towards the Company,
(e) informing the Company's Board of Directors about the outcome of the mandatory audit and the explaining the contribution of the mandatory audit into the integrity of the financial information, and
(f) the active participation in the process of appointing Certified Auditors and the articulation of a proposal with regard to the Auditing Firm which will undertake the mandatory and statutory audit of the financial statements.

2.3.3 The mission of the Audit Committee is to ensure the effectiveness and efficiency of the corporate activities, to control the reliability of Financial information provided to investors and Company shareholders, the compliance of the Company with the effective legal and regulatory framework, the protection of the Company's investments and assets and locating and handling the most significant risks.
The broad audit responsibilities of the Audit Committee include among others monitoring the correct and efficient operation of the internal control system and risk management system, auditing the financial statements before their approval by the Board of Directors, monitoring the financial reporting process applied by the Company, ensuring the coordination of the audit work, the quality, independence and performance of Auditors.

2.3.4 The Audit Committee convened 5 times during financial year 2019 (01/01/2019-31/12/2019).

2.3.5 It is clarified that the Ordinary Auditor of the Company, who conducts the audit of the annual and semi-annual Financial Statements, does not provide other non-auditing services to the Company, nor is he related in any other way with the Company, in order thus to ensure his objectivity, impartiality and independence, with the exception of assurance services that concern the conduct of the special tax audit required according to the provisions of article 65A of Law 41742013, according to which after the audit the "Annual Tax Certificate" is issued, following the relevant Report.

<u>* 3. General Meeting of shareholders</u>

<u>3.1 Operation of the General Meeting and basic authorities of such</u>

3.1.1 The General Meeting of shareholders is the highest-level body of the Company and is entitled to decide on any corporate affair and to decide on all issued submitted to such.
Specifically the General Meeting is exclusively responsible to decide on the following:

(a) Amendments to the Articles of Association (as amendments are also considered the increases, regular or extraordinary, as well as the reductions of the capital),
(b) the election of members of the Board of Directors and Auditors,
(c) the approval of the overall management under Article 108 of Law 4548/2018 and the dismissal of the Auditors in terms of any responsibility or liability,
(d) the approval of the annual and consolidated financial statements,
(e) the distribution of annual profits,
(f) the approval of the remuneration policy or the advance payment of remuneration according to article 109 of law 4548/2018,
(g) the approval of the salary policy of article 110 and the salary report of article 112 of law 4548/2018,

(h) the merger, division, conversion, revival, extension of duration or termination of the Company and
(i) the appointment of liquidators.

3.1.2 The decisions of the General Meeting are mandatory also for shareholders that are absent or disagree.
3.1.3 The General Meeting of shareholders is convened by the Board of Directors and meets mandatorily at the Company's domicile or in the district of another Municipality within the domicile's prefecture, at least once each financial year and at the latest until the tenth (10^{th}) calendar day of the nine month from the end of each financial year. The General Meeting may also convene in a district of the Municipality where the Athens Exchange is based.

The Board of Directors may convene an extraordinary General Meeting of shareholders, when deemed necessary or when requested by shareholders that represent the respective percentage as stated by law and the Memorandum of Association.
3.1.4 The General Meeting, with the exception of repeated Meetings, is convened at least twenty (20) days prior to the date set for the meeting. It is noted that non-working days are also counted. The release date of the invitation and the date of the meeting are not counted. The invitation to the General Meeting of shareholders must include the time, day, hour and location where the Meeting will convene, the issues of the daily agenda with clarity, the shareholders that have the right to participate, as well as exact instruction on the manner in which shareholders will be able to participate in the meeting and exercise their rights either in person or through a proxy or possibly from long-distance. An invitation to convene a General Meeting is not required in the case where shareholders representing the total share capital are present or represented and no one from such opposes to conducting the Meeting and to the decision making process.
3.1.5 The General Meeting is in quorum and convenes validly on the daily agenda issues when shareholders representing at least one fifth (1/5) of the paid up share capital or present or represented in such.
If this quorum is not achieved, then the General Meeting convenes anew in twenty (20) days from the date of the meeting that was cancelled, after a respective invitation at least ten (10) days before. This repeated Meeting convenes validly on the issues of the initial daily agenda regardless of the portion of the paid up share capital represented in such.
3.1.6 The decisions of the General Meeting are made with absolute majority of votes that are represented in such.
3. Exceptionally, for decision making on issues that concern:
(a) change of the Company's nationality,
(b) change of the Company's business objective,
(c) increase of the shareholders' obligations,
(d) a regular increase of the share capital, unless it is imposed by the law or by the capitalization of reserves or a reduction of the capital, unless it is done according to paragraph 5 of Article 21 or paragraph 6 of article 49 of law 4548/2018,
(e) issue of a loan with convertible bonds according to the article 71 of Law 4548/2018,
(f) change in the way earnings are distributed,
(g) extension of the duration or liquidation of the Company,
(h) merger, spin-off, conversion, revival of the Company,
(i) provision or renewal of authorization towards the Board of Directors for increase of the share capital according to article 24 of Law 4548/2018,
(j) any other case, in which the law states that the following quorum is required by the General Meeting to make a specific decision:
the General Meeting is at quorum and convenes validly on such issues, when shareholders representing one half (1/2) of the paid up share capital are present or represented in the Meeting.
3.1.7 The Chairman of the Board of Directors temporarily acts as Chairman of the General Meeting or in case he is unable then his legal deputy, and the Chairman assigns one of the shareholders or their proxies present as Secretary, until the General Meeting ratifies the list of shareholders that are entitled to

participate in the Meeting and elects the normal presidium. The Presidium consists of the Chairman and Secretary, who also acts as voting teller.

3.1.8 The discussions and decisions of the General Meeting are limited to issues of the daily agenda. The daily agenda is prepared by the Board of Directors and includes proposals of the Board towards the Meeting as well as possible proposals of the auditors or shareholders that represent one twentieth (1/20) of the paid up share capital. The discussions and decisions of the General Meetings are recording in a special book (minutes) and the relevant minutes are signed by the Chairman and Secretary of the Meeting. The beginning of the minutes include a record of shareholders that are present or represented in the General Meeting, whereas the minutes are prepared according to article 22 par. 8 of the Memorandum of Association.

Following a request by a shareholder, the Chairman of the Meeting must record the former's opinion in the minutes.

3.2 Shareholders' rights and how such are exercised

3.2.1 Participation and voting rights

3.2.1.1 Shareholders exercise their rights, in relation to the Company's Management, only through the General Meetings and according to those stated by law and the Memorandum of Association. Each share provides the right for one vote at the General Meeting, given those stated by article 50 of Law 4548/2018, as currently in effect.

3.2.1.2 The person having the shareholding capacity at the beginning of the fifth (5th) day before the date of the General Meeting (record date) is entitled to participate in the General Meeting

The above recording date also applies in the case of a postponement or a repeat session, provided that the postponement or the repeat session is not more than thirty (30) days from the recording date.

If this is not the case or if in the case of the repeat General Meeting a new invitation is published, according to the provisions of article 130 of law 4548/2018, the person having the shareholding status at the beginning of the third (3rd) day prior to the day of the postponement or the repeat General Meeting participates in the General Meeting. Proof of shareholding can be done by any legal means, and, in any case, based on information received by the Company from the Central Securities Depository if it provides registry services or through the participants and registered intermediaries in the Central Securities Depository in any other case.

3.2.1.3 Only those that have the shareholder capacity during the respective record date is considered by the Company to have the right of participation and voting at the General Meeting. In the cases of non-compliance with the provisions of article 124 of Law 4548/2018, the said shareholder participates in the General Meeting only after the latter's permission.

3.2.1.4 It is noted that the exercise of the above rights (participation and voting) does not require the blockage of the beneficiary's shares or any other relevant process, which limits the ability to sell or transfer shares during the time period between the record date and the date of the General Meeting.

3.2.1.5 The shareholder participates in the General Meeting and votes either in person or through a proxy. Each shareholder may appoint up to three (3) proxies. Legal entities participate in the General Meeting by appointing up to three (3) persons as representatives. However, if a shareholder owns Company shares, which appear in more than one securities accounts, this limitation does not obstruct the said shareholder from appointing different proxies for the shares that appear in each security account in relation to the General Meeting. A proxy that acts on behalf of more than one shareholder, can vote separately for each shareholder. A shareholder proxy must disclose to the Company, prior to the beginning of the General Meeting, any specific event that may be useful to shareholders in assessing the risk of the proxy serving other interests than those of the represented shareholder. According to the definition of the present paragraph, there might be conflict of interests specifically when the proxy:

a) is a shareholder that exercises control on the Company or is another legal entity controlled by the shareholder,

b) is a member of the Board of Directors or generally the management of the Company or of a shareholder that exercises control on the Company, or another legal entity that is controlled by a shareholder who exercises control on the Company,

c) is an employee or public accountant of the Company or shareholder that exercises control on the Company, or another legal entity controlled by the shareholder who exercises control on the Company,
d) is a spouse or first degree relative with one of the persons mentioned above in cases (a) through (c).
The appointment and revocation of a proxy is applied in written and disclosed to the Company in the same form, at least three (3) days prior to the date of the General Meeting.

3.2.2 Other shareholders' rights

3.2.2.1 Ten (10) days prior to the Ordinary General Meeting, any shareholder can obtain copies of the annual financial statements and reports by the Board of Directors and auditor from the Company. Such documents must be submitted in time by the Board of Directors to the Company's relevant office.
3.2.2.2 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to convene an Extraordinary General Meeting of shareholders, setting the date of such, which cannot be more than forty five (45) days from the day the request was delivered to the Chairman of the Board. The request must list the daily agenda issue. If a general meeting is not convened by the Board of Directors within twenty (20) days from the delivery of the relevant request, then the meeting takes place by the requesting shareholders, at the expense of the Company, by means of a decision by the court, which is issued during the injunction process. This decision states the place and time of the meeting, as well as the daily agenda. The decision cannot be offended by any legal means.
3.2.2.3 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to list additional issues on the daily agenda of the General Meeting that has already been set, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting.
Additional issues must be published or disclosed under the responsibility of the Board of Directors in accordance with Article 122 of Law 4548/2018 at least seven (7) days prior to the general meeting. An application for inclusion of additional items on the agenda is accompanied by a justification or a draft decision for approval by the General Meeting and the revised agenda is published in the same way as the previous agenda, thirteen (13) days prior to the date of the General Meeting and at the same time it is made available to the shareholders on the Company's website together with the justification or the draft resolution submitted by the shareholders.
If the additional issues are not published, then the requesting shareholders are entitled to request postponement of the General Meeting according to paragraph 5 of article 141 of Law 4548/2018 and to proceed themselves with publishing the issues, according to those stated in the previous paragraph, at the expense of the Company.
3.2.2.4 Following a request of any shareholder that is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide to the General Meeting the specifically required information on the Company's affairs, to the extent that such are relevant with the daily agenda issues.
3.2.2.5 With the request of a shareholder or shareholders that represent one twentieth (1/20) of the paid up share capital, the Chairman of the General Meeting is obliged to postpone the decision making process only once, for all or specific issues, by the Extraordinary or Ordinary General Meeting, defining the day when the meeting will re-convene for decision making that is stated on the shareholders' request, which however cannot be more than twenty (20) days from the day of the postponement. The General Meeting that follows the postponement is considered a continuance of the previous and thus the disclosure requirements of the shareholders' invitation are not repeated and new shareholders cannot take part in the Meeting, based on the relevant documentation of participation.
3.2.2.6 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, which must be submitted to the Company five (5) full days prior to the ordinary General Meeting, the Board of Directors is obliged to announce to the General Meeting, provided that the Meeting is an Ordinary one, the amounts paid during the past two-years for any cause by the Company to each Board Member or the Managers of the Company, as well as any amounts emanating from any other contract of the Company signed for any cause with such individuals. The Board of Directors may decline the provision of such information for reasonable cause, stating the relevant justification in the minutes. Such

a reasonable cause may consist according to the circumstances of the representation of requesting shareholders in the Board of Directors, according to the articles 79 or 80 of Law 4548/2018.

3.2.2.7 Following a request by shareholders that represent one tenth (1/10) of the paid up share capital, which is submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information on the development of corporate affairs and the financial position of the Company. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. Such a reasonable cause may consist according to the circumstances of the representation of requesting shareholders in the Board of Directors, according to the articles 79 or 80 of Law 4548/2018, provided that the respective Board members have received the relevant information in an adequate manner.

3.2.2.8 Following a request by shareholders that represent one twentieth (1/20) of the paid-up share capital, the decision making on any issue of the daily agenda of the General Meeting is conducted by open voting.

3.2.2.9 Shareholders of the Company, representing at least one twentieth (1/20) of the paid-up share capital, have the right to request an extraordinary audit of the Company by the court of law of the Company which suits it in the procedure of voluntary jurisdiction. Control shall be ordered if acts that violate provisions of the Company's law or the Articles of Association or decisions of the General Meeting are suspected. 3.2.2.10 Shareholders of the Company representing one fifth (1/5) of the paid-up share capital are entitled to request from the court the control of the Company, since it is believed on the basis of concrete evidence that the administration of corporate affairs is not exercised as required by sound and prudent management.

*** 4. Internal control system and risk management**

4.1 Basic characteristics of the internal control system

4.1.1 The Company's internal control is performed by the internal audit Service and conducted according to the audit schedule included in the Internal Operation Regulation adopted and approved by the Company.

The Internal Auditor is independent and reports directly to the Company's Audit Committee.

The responsibilities of internal control include the following:

The monitoring of the implementation and the continuous observance of the Internal Rules of Operation and the company's articles of association as well as the general legislation concerning the Company and especially the legislation of the Societes Anonymes as well as the stock market legislation.

The report to the Board of Directors of cases of conflict of private interests of the members of the Board of Directors or the executives with the interests of the Company, which it finds or detect in the context of the internal audit.

The control of the relations and transactions of the Company with its related parties in the sense of IAS 24 as in force.

It is noted that the audit, according to which the relevant Report is prepared, is performed within the regulatory framework of l. 3016/2002, as currently in effect, and specifically according to articles 7 and 8 of the latter law, as well as according to those stated by Decision No. 5/204/2000 issued by the Board of Directors of the Hellenic Capital Market Commission, as currently in effect following its amendment by Decision No. 3/348/19.07.2005 issued by the Commission's Board.

It is a basic responsibility of the Company's Management to ensure, through applying the necessary internal control systems, that the Group's overall organization has the ability to quickly and efficiently handle the risks from when such arise and in any case to take all the appropriate and necessary measures to minimize the consequences and adverse effects of such.

4.1.2 During the audit, the internal audit Service receives knowledge of all necessary accounting books, entries, files, bank accounts and portfolios of the Company and requests the complete and continuous cooperation of Management in order to be provided with all the requested information and data, with the objective of obtaining reasonable assurance for the preparation of a Report that will be free from substantial inaccuracies as regards to the information and conclusions included in such. The audit does

not include any assessment of the appropriateness of the accounting policies applied as well as of the logic of estimations made by Management, as such are responsibilities of the Company's legal auditor.
4.1.3 The objective of the audit is to assess the general level and operational processes of the internal control system. In each audit period, specific audit areas-divisions are selected, while the operation and organization of the Company's Board of Directors is evaluated and reviewed on a constant and continuous basis, as well as the operation of the 2 basic Services that operate according to the provisions of l. 3016/2002, namely the Shareholders' Service Department and the Corporate Releases Department.
4.1.4 It is noted nevertheless that the internal control and risk management systems provide reasonable but not absolute security, given that such are designed so as to minimize the possibility of relevant risks arising, without however being able to absolutely prevent such.

During the fiscal year 2019, the Audit Committee met with the Internal Auditor to discuss operational and organizational issues. The quarterly reports were submitted to the Audit Committee and the Internal Auditor provided the members of the Audit Committee with all the information and updates requested about the applied audit systems, their effectiveness and in general about the course of the audits.

<u>4.2 Risk management of the Company and Group in relation to the financial reporting process (separate and consolidated)</u>

4.2.1 The Company has developed and applies policies and processes for the preparation of financial statements with the objective to ensure the reliability of such and to comply with the laws and regulations that govern their preparations and publications.
Such processes concern the audit and recording of income and expenses as well as systematically monitoring the position and value of assets.
The policies and processes that have been established are evaluated and re-defined in case where such are considered inadequate or if changes in laws demand so.

4.2.2 At the end of each period, the financial services of the parent company and of the subsidiaries shall take the steps required for the preparation of the financial statements according to the law provisions.

The financial services of the Group collect all the necessary information from the subsidiaries, the consolidation entries are carried out and the financial statements are drawn up, while specific procedures are followed which include submission deadlines, responsibilities and required actions.
The companies that comprise the group follow uniform accounting procedures by applying the International Financial Reporting Standards.
Financial statements are audited by the Audit Committee before being approved by the Company's Board of Directors.

4.2.3 The established policies and processes related to the preparation of financial statements include, amongst others, the following:
-Processes for closing financial periods, which include deadlines for submission, responsibilities, classification and analysis of accounts and information on required disclosures.
-Reconciliations of the balances of the Customers and Suppliers accounts as well as other receivables and liabilities of the Company in frequent time periods.
-Reconciliations of the bank accounts and loan accounts kept by the Company in approved Banks on a monthly basis.
-Audits and reconciliation of checks receivable and payable.
-Calculation of provisions for the Company's receivables and liabilities in cases when the relevant receipts have not yet been presented.
- Carrying out physical inventory on a monthly basis, agreements of the balances of the information system with those of physical counting and control of inventory movements.
-Audit and reconciliation of sales and issued receipts.
-Policies and processes for purchases, payments, receipts, management of inventory etc.

-Determination that the entries and recording of documents are carried out on the basis of a specific procedure that requires certain approvals and receipts of signatures.
Ensuring that entries and recording in general are made on the basis of the prescribed procedure by different individuals in the context of the separation of duties and the observance of the security norms that have been established.

-Audits for the correct recording of Company expenses in the accounts of the kept Accounting Schedule and in the appropriate cost center.

-Correct observance by the Company of the fixed assets registry in the subsystem of the Company's information system in which all additions of fixed assets are recorded following an audit made in order to verify the existence of the relevant approvals.
-Agreement that depreciation / amortization is carried out on the basis of International Accounting Standards and of the tax rates provided.

-Processes for supervising and managing employees and payroll liabilities.
-Processes that ensure the correct use of the Accounting Schedule applied by the Company and that the access and changes in such through the Company's IT system can be made only by authorized users with specific responsibilities.

4.2.4 The Company prepares a budget on an annual basis, the execution of which is monitored during the year while the necessary corrective actions are taken in case of significant discrepancies.
Every month the Finance Department of the Group receives financial data and information from the parent company and the subsidiaries of the Group in order to make the appropriate check and compile detailed reports to the Management of the Company which is in turn informed about the development of the consolidated major financial figures of the Group. Monthly monitoring and data control is a key tool for the quality and reliability of financial results.

4.2.5 The Department of Computer Science and Informatics (IT) is responsible for defining and implementing the strategy on issues related to technology and IT and among its responsibilities is the development and support of the Group's applications and systems in cooperation where required with external partners.
It should be noted here that the Group's most important companies (Flexopack AEBE, Flexopack Polska, Flexopack PTY LTD and Flexopack Trade and Services) have adopted the same information system (SAP) which facilitates the flow of information and controls.

The IT system used by the Company is continuously developed and upgraded by the corresponding IT department, in close cooperation with a recognized IT Company in order to adjust to the continuously expanding and specialized IT needs, with the objective to support the Company's long-term goals and prospects.

4.2.6 The framework for monitoring the information systems implemented by the Company includes, among others, the following:
Determining specific entry rights for employees depending on their role and position.
The implementation of security procedures (receiving backups on a daily basis) as well as the preparation of a procedure for the existence of alternative systems in case of disaster.
The implementation of the procedures and protection techniques established by the Company and which include Anti-Corruption Software and e-mail protection as well as a firewall which ensures the non-leakage of computer data and preserves the confidentiality of computer files.

***5. Other management or supervisory bodies or committees of the Company**

At the present time, there are no other management or supervisory bodies of committees of the Company, apart from those mentioned above.

<u>* 6. Additional information</u>

6.1 Article 10 par.1 of the EU Directive 2004/25/EC dated April 21st 2004, relating to takeover bids, states the following as regards to companies whose total shares are listed on an organized market:

"1. Country members ensure that the companies mentioned in article 1 paragraph 1 disclose detailed information as regards to the following:

a) their capital structure, including securities that are not listed on an organized market of a country-member and, according to the case, indication of different categories of shares with the rights and obligations linked to each share category and the percentage of the total share capital such represent;

b) all the limitations on transfer of securities, such as limitations on the ownership of securities or the obligation to receive approval by the Company or other shareholders, with the reservation of article 46 of Directive 2001/34/EC;

c) the significant direct or indirect holdings (including indirect holdings through pyramid structures or cross-holdings) according to the definition of article 85 of directive 2001/34/EC;

d) the owners of any kind of securities that provide special control rights and the description of such rights.

(e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees;

(f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

(g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC;

(h) the rules governing the appointment and replacement of board members and the amendment of the Articles of Association;

(i) the powers of board members, and in particular the power to issue or buy back shares;

(j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

(k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid."

6.2 The above information is included in detail in Chapter 6 of the present Report by the Board of Directors. As regards to items c, d, f, h and i of par. 1 of article 10, the Company states the following:

• <u>as regards to item c':</u> the important direct or indirect participations of the Company are the following:

(a) FLEXOPACK POLSKA Sp.z.o.o, (subsidiary) in which the Company participates with a stake of 100.00% of shares and voting rights.

(b) "FLEXOSYSTEMS Ltd Belgrade", (subsidiary) in which the Company participates with a stake of 100% of shares and voting rights.

(c) "INOVA SA PLASTICS" (associate) in which the Company participates with a stake of 50% of shares and voting rights, and

(d) "VLACHOU BROS SA" (associate) in which the Company participates with a stake of 47.71% of shares and voting rights.

(e) «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights)

(f) «FLEXOPACK PTY LTD»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)

(g) «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)

(h) «FLEXOPACK PROPERTIES PTY LTD» (subsidiary): Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company) and

(i) «FLEXOPACK NZ LTD» (subsidiary): Fully owned (100%) by the subsidiary «FLEXOPACK PTY LTD» (indirect participation of the Company)
(j) «FLEXOPACK FRANCE» (subsidiary): Fully owned (100%) by subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)
Moreover, the significant direct or indirect holdings in the voting rights of the Company, according to the definition of provisions of articles 9 through 11 of l. 3556/2007, are the following:
(a) Stamatis Ginosatis, percentage of 30.886%(direct participation)
(b) Georgios Ginosatis, percentage of 17.437% (direct participation)
(c) Nikolaos Ginosatis, percentage of 16.289% (direct participation)
(d) Canaccord Genuity Wealth (International) Limited (former Collins Stewart (CI) Limited), percentage of 5.107% (direct participation)

• as regards to item d': there are no kind of securities (including shares), that provide special control rights.
• as regards to item f΄: there are no known limitations on voting rights (such as limitation of voting rights on owners of a specific percentage or number of shares, deadlines to exercise voting rights, or systems through which with the cooperation of the Company financial rights emanating from shares are distinguished by the ownership of the shares). As regards to exercising voting rights during the General Meeting, extensive reference is made in Section 3 of the present Corporate Governance Statement.
• as regards to item h΄: regarding the appointment and replacement of Board members and regarding the amendment of the Company's Memorandum of Association, there are no rules that differ from those stated by Law 4548/2018, as currently in effect. Such rules are described in detail in Section 2.1 of the present Corporate Governance Code.
• as regards to item o΄: there are no special authorities of Board members as regards to the issue or buyback of shares.

The present Corporate Governance Statement constitutes an inseparable and distinct part of the annual (Management) Report of the Company's Board of Directors.

SECTION I
Group's course and outlook for the current financial year 2020

Given the Group's strong export orientation, the prospects, results and the course of both the Company and the Group for the current year, 2020, depend directly on the conditions prevailing primarily in the global and secondarily in the domestic economy and market.
During the present period, there are external factors that create fair and justified concerns about the course of the global economy, such as the threats from protectionism, the geopolitical uncertainty, the anxiety over Brexit and its final implementation, and mainly the declaration of pandemic by the WHO with respect to the corona virus (Covid-19).
The rapid spread of covid-19 in Europe and around the world, with restrictive measures being announced one after the other in recent days, will have a significant impact on the economy and will require corresponding drastic measures to control such impact.
Despite extraordinary and boldly measures to support and channel liquidity by national governments and central banks around the world, the impact on entire sectors from governments' restrictive measures is severe, production is negatively affected and overall demand in the economy is declining.
As deep uncertainty about the spread of Covid-19 remains significant, its economic impact, both globally and internationally, will depend on the duration, severity and spread level of the disease.
The rapid and timely adoption of strict measures to reduce the spread of the corona virus in our country after the exponential increase of infections in many European countries is drastically changing the perspective of the Greek economy. After three consecutive years of recovery, the Greek economy is expected to return to a recessionary environment, without yet having a clear picture about the time horizon of this unfavorable development but also about the magnitude of the recession.

The Management of the Group closely monitors the developments and takes care of the taking of the procedures and especially of the measures and policies that are considered intentional and necessary in order to ensure its business continuity, its smooth operation and the reduction of negative consequences to the smallest possible extent.

In the context of ensuring the Business Continuity of Flexopack Group, an action coordination team has been set up, which consists of the Factory Manager, the heads of the production and logistics departments as well as the quality control and personnel department. Among other things, the following measures were implemented. The "telework" scheme was applied for a large part of the Group's administrative staff, as well as the precautionary removal of people belonging to vulnerable groups. Furthermore, there is constant communication and coordination with the Occupational Physician, for the appropriate and valid information of all employees regarding the meticulous observance of the rules of personal hygiene and the other recommendations and instructions of EODY (Greece's National Public Health Organization). The disinfection of the factory premises is carried out daily and there has been a tightening of the rules regarding the movements as well as the entry and exit of both the staff and the associates of the Company and third parties in the Company's facilities. Business trips are prohibited unless there is special approval from the Administration.

Based on the data available at the time of preparing of this report, no substantially negative impact exists on the Company's business activity and particularly on its production, sales and supply chain.

In view of the above, as the duration of the ongoing pandemic as well as of the restrictive measures cannot be determined, certain conclusions cannot be drawn with certainty regarding the risks, impact and possible effects of this event on commercial activity and financial results of the Company and the Group and therefore the financial position and the performance of the Company and the Group may be adversely affected.

The Group, both on the reporting date of the Annual Consolidated Financial Statements and on the date of their approval, maintains sufficient capital adequacy and liquidity and continues to be fully consistent with its obligations to suppliers, Greek State, social security organizations and other creditors.

The strategy of the Group during the current fiscal year is oriented towards the continuous adjustment into the conditions prevailing each time through the adoption of a relatively aggressive policy, which can be summarized as follows:

- Improvement and continuous development as well as upgrade of the spectrum of produced products, with an emphasis on high-quality product diversification compared to competition,
- Creation of new products that will cover effectively the broader and demanding needs of the market,
- Ongoing and systematic monitoring of market trends and needs, in order for the extracted products to cover the market's existing but also new needs, as well as to satisfy the customer needs.
- Further enhancement of the current modern production methods in order to meet the targets of reduction of energy consumption, reduction of the carbon footprint and essential contribution to sustainable development.
- Further penetration of the international markets via the maintenance or expansion of the Company's partnerships or through the creation of new fixed facilities for the utilization of the Group's knowhow and the larger degree of distribution network ownership.
- Expansion of the facilities and production capacity of the Group's subsidiaries in Poland and Australia with the aim to directly service the customer base of the geographic regions which are the basis of the subsidiaries. By this way, additional growth will be achieved in these markets, and finally
- Continuous development of the organizational and operating structures aiming at the further increase of efficiency, and the further reduction of costs.

Koropi, 22 April 2020

THE BOARD OF DIRECTORS

CHAPTER 3 : Audit Report by Independent Certified Auditor Accountant

Audit Report by Independent Certified Auditor Accountant

Towards the Shareholders of "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY"

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of FLEXOPACK S.A. (the Company), which comprise the separate and consolidated statement of financial position as at 31 December 2019, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of FLEXOPACK S.A. and its subsidiaries (the Group) as at 31 December 2019, their financial performance and their 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 above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Inventories	
Key audit matter	**Addressing the audit matter**
At 31.12.2019 the Group holds inventories of value amounting € 18,50 mil. (Company: € 11,45 mil). Inventory items are measured at a lower of cost and net realizable value as referred to in the Group's accounting policies. Net realizable value is the estimated selling price less any related selling expenses. Based on the above, the Management makes appropriate estimates, based on the movement of the items' codes recorded within the year and plans for the following season. We considered the area of the production cost - inventories at year - end to be one of most significance matter, on the one hand because the inventories are a significant item of the Assets and secondly because of the amount of consumptions and estimates required for both the measurement of the value of inventories and the calculation of the production cost. Information concerning the company's accounting policies for inventories is referred to in note 3.8 of the annual financial report.	We assessed the reasonableness of the Management's assumptions used for the inventories valuation including: • Recording and examining procedures and internal control for inventory management designed by the Company's Management with regard to inventories. • Monitoring the inventory counting process and performing physical inventory at the central warehouse. • Comparison of the inventories net realizable value, which arises from sales after the end of the reporting period. • Carrying out analytical procedures with regard to the movement of inventories and the identification of inventories with low marketability (or movement). • Sample confirmation of the correct determination of the acquisition cost and the production cost of inventories. • Also, we assessed the adequacy and appropriateness of the disclosures in note 6.7 to the financial statements.

2. Recoverability of trade receivables	
Key audit matter	**Addressing the audit matter**
At 31.12.2019 the trade receivables of the Group amount to € 10,83 mil. (Company: € 23,22 mil.). Applying from 1 January 2018 the IFRS 9, management assesses the recoverability of the Group's trade receivables and makes an estimate of the required loss allowance for expected credit loss. Management assesses the recoverability of trade receivables and recognizes loss allowance, so as these to be carried at their recoverable amount. The management in order to estimate the amount of impairment of its trade receivables, assesses their recoverability by reviewing the maturity of the customers' balances, their credit history and the settlement of subsequent payments according to each settlement. We consider the assessment of the recoverability of the Group's trade receivables to be one of most significance matter, on the one hand because the trade receivables are the main item of the Assets and secondly because of the Management's critical estimates and judgments. Information concerning the company's accounting policies for trade receivables is referred to in note 3.7 of the annual financial report.	Our audit procedures relating to the recoverability of trade receivables included, among other, also the following: • Understanding of the process with respect to monitoring the trade receivables. • Assessment of the assumptions and the methodology used for the determination of the recoverability of trade receivables or their classification as doubtful receivables. • Assessment of the customers aging analysis and the estimate for the loss allowance. • Assessment of the effects from the adoption of IFRS 9 in the closing year, which led to a respective adjustment of the Group's accounting policy, in addressing the impairment losses for the trade receivables. • Examining the factors taken into account for the estimation of the impairment loss. • The receipt of third party confirmation letters for a representative sample of trade receivables and implementation of procedures subsequent to the date of the financial statements for collections against the year-end balances. • Examining the lawyers' reply letters, for matters they faced during the year for identifying any matters, which indicate balances from trade receivables which are not recoverable in the future. • In addition, we assessed the adequacy and appropriateness of the disclosures in note 6.8 to the financial statements.

Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance 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.

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

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

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

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

Report on other Legal and Regulatory Requirements

1. Board of Directors' Report

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

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

b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the articles 150 and 153 and the paragraph 1 (cases c' and d') the article 152 of L. 4548/2018 and its content corresponds with the accompanying financial statements for the year ended 31/12/2019.

c) Based on the knowledge we obtained during our audit of FLEXOPACK S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying separate and consolidated financial statements is consistent with the Additional Report to the Company's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company and its subsidiaries the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014.

4. Auditor's Appointment

We have been appointed for the first time statutory auditors of the Company by the dated 30 June 1993 decision of the annual ordinary general meeting of shareholders. Since then, our appointment has been constantly renewed for a total period of 27 years based on the annual decisions of the Annual General Meetings of the Company Shareholders.

Athens, 23 April 2020

Serafeim D. Makris
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 16311

SOL S.A.
Member of Crowe Global
3, Fok. Negri Str., 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

CHAPTER 4 :Annual Financial Statements

Annual Separate and Consolidated Financial Statements
As of 31st December 2019
(January 1st 2019 – December 31st 2019)

According to the International Financial Reporting Standards (IFRS)

Statement of Financial Position

		GROUP		COMPANY	
ASSETS	Note	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Non-current assets					
Tangible Assets	6.1	53,952	53,353	39,874	39,096
Right-of-use Assets	6.29	1,177	0	630	0
Goodwill	6.2	252	252	0	0
Intangible Assets	6.3	1,867	1,751	1,867	1,751
Investments in subsidiary companies	6.4	0	0	11,717	11,717
Investments in associate companies	6.5	4,159	3,596	2,199	2,199
Other Long-term Receivables	6.6	55	222	49	319
Total non-current assets		**61,463**	**59,175**	**56,338**	**55,083**
Current assets					
Inventories	6.7	18,515	19,876	11,442	13,547
Trade Receivables	6.8	10,833	11,147	23,218	21,087
Other Receivables	6.9	7,020	6,958	6,545	7,132
Cash and cash equivalents	6.10	15,470	13,223	13,285	10,529
Total current assets		**51,839**	**51,205**	**54,489**	**52,296**
Total Assets		**113,302**	**110,380**	**110,827**	**107,379**
EQUITY & LIABILITIES					
Share capital	6.11	6,329	6,329	6,329	6,329
Share premium	6.11	3,316	4,019	3,316	4,019
Capital Reserves	6.11	18,028	17,292	18,161	17,513
Retained Earnings	6.11	46,607	40,101	49,381	42,472
Total Shareholders' Equity		**74,280**	**67,741**	**77,187**	**70,332**
LIABILITIES					
Long-term liabilities					
Deferred tax liabilities	6.12	1,767	1,966	1,674	1,945
Provision for employee benefits	6.13	1,056	935	1,056	935
Government grants	6.14	93	300	93	300
Long-term bank liabilities	6.15	11,359	14,143	10,645	13,073
Other long-term liabilities	6.15.1	1,633	1,638	1,030	513
Liabilities from Leases	6.29	717	0	404	0
Other provisions	6.16	453	403	238	238
Total Long-term Liabilities		**17,079**	**19,386**	**15,142**	**17,005**
Short-term liabilities					
Suppliers and related liabilities	6.17	15,271	16,161	12,708	13,665
Liabilities from Leases	6.29	466	0	232	0
Liabilities from income tax	6.18	1,950	2,768	1,931	2,749
Short-term bank liabilities	6.15	4,255	4,324	3,627	3,627
Total Short-term Liabilities		**21,943**	**23,253**	**18,498**	**20,042**
Total Liabilities		**39,022**	**42,639**	**33,640**	**37,047**
Total Equity & Liabilities		**113,302**	**110,380**	**110,827**	**107,379**

The accompanying notes constitute an inseparable part of the financial statements.

Amounts in thousand euro

Income Statement

Continuing Operations	Note	GROUP 1/1-31/12/2019	GROUP 1/1-31/12/2018	COMPANY 1/1-31/12/2019	COMPANY 1/1-31/12/2018
Turnover	6.19	**89,277**	**84,492**	**77,260**	**72,424**
Cost of Sales	6.20	(67,754)	(63,447)	(58,715)	(54,308)
Gross Profit		**21,523**	**21,046**	**18,545**	**18,116**
Other operating income	6.22	705	683	475	605
Administrative expenses	6.20	(4,405)	(4,088)	(3,393)	(3,154)
Research & Development Expenses	6.20	(1,431)	(1,089)	(1,156)	(1,058)
Distribution expenses	6.20	(6,819)	(5,881)	(4,109)	(3,734)
Other operating expenses	6.22	(309)	(110)	(245)	(109)
Operating Results		**9,264**	**10,560**	**10,118**	**10,666**
Financial income	6.23	0	2	81	19
Financial expenses	6.23	(679)	(680)	(597)	(604)
Other Financial Results	6.24	337	(570)	194	67
Proportion of associate companies' Result	6.5	563	560	0	0
Earnings before taxes		**9,485**	**9,872**	**9,795**	**10,148**
Income tax	6.25	(2,290)	(2,776)	(2,197)	(2,546)
Earnings after taxes		**7,195**	**7,096**	**7,598**	**7,602**
Allocated to :					
-Shareholders of the parent		**7,195**	**7,096**	**7,598**	**7,602**
Basic Earnings per share that correspond to the parent's shareholders (Euro per share)	6.31	0.6139	0.6055	0.6483	0.6487

The accompanying notes constitute an inseparable part of the financial statements.

Statement of Comprehensive Income

Continuing Operations	GROUP 1/1-31/12/2019	GROUP 1/1-31/12/2018	COMPANY 1/1-31/12/2019	COMPANY 1/1-31/12/2018
Earnings after taxes	**7,195**	**7,096**	**7,598**	**7,602**
Other comprehensive income				
Amounts which may be transferred into the results in subsequent periods				
Foreign exchange differences from consolidation of foreign subsidiaries	87	(274)	0	0
Amounts which will not be transferred into the results in subsequent periods				
Actuarial profit-(losses) in personnel benefit plan	(53)	(34)	(53)	(34)
Corresponding income tax	13	9	13	9
Other comprehensive income after taxes	**47**	**(300)**	**(40)**	**(26)**
Total comprehensive income after taxes	**7,242**	**6,797**	**7,558**	**7,577**
Allocated to :				
-Shareholders of the parent	**7,242**	**6,797**	**7,558**	**7,577**

The accompanying notes constitute an inseparable part of the financial statements.

Amounts in thousand euro

Consolidated Statement of Changes in Equity

GROUP	Allocated to the shareholders of the parent company					
	Share capital	Share premium	Reserves	FX differences from consolidation	Retained earnings	Total
Balance as at 31/12/2017	**6,329**	**4,605**	**17,007**	**(59)**	**33,714**	**61,596**
Change in Accounting Policy (IFRS 9)	0	0	0	0	(65)	(65)
Balance as at 1/1/2018	**6,329**	**4,605**	**17,007**	**(59)**	**33,649**	**61,531**
Earnings after taxes	0	0	0	0	7,096	7,096
Other comprehensive income after taxes	0	0	0	(274)	(26)	(300)
Transfer to Reserves	0	0	365	0	(365)	0
Transfer of amortization of grants	0	0	253	0	(253)	0
Share capital increase	586	(586)	0	0	0	0
Share capital decrease	(586)	0	0	0	0	(586)
Balance as at 31/12/2018	**6,329**	**4,019**	**17,625**	**(333)**	**40,101**	**67,741**
Earnings after taxes	0	0	0	0	7,195	7,195
Other comprehensive income after taxes	0	0	0	87	(40)	47
Transfer to Reserves	0	0	380	0	(380)	0
Tax free reserves Law 3908/2011	0	0	62	0	(62)	0
Transfer of amortization of grants	0	0	207	0	(207)	0
Share capital increase (Note 6.11)	703	(703)	0	0	0	0
Share capital decrease (Note 6.11)	(703)	0	0	0	0	(703)
Balance as at 31/12/2019	**6,329**	**3,316**	**18,274**	**(246)**	**46,607**	**74,280**

The accompanying notes constitute an inseparable part of the financial statements.

Amounts in thousand euro

Statement of Changes in Parent Company's Equity

COMPANY	Share capital	Share premium	Reserves	Retained earnings	Total
Balance as at 31/12/2017	**6,329**	**4,605**	**16,895**	**35,554**	**63,382**
Change in Accounting Policy (IFRS 9)	0	0	0	(41)	(41)
Balance as at 1/1/2018	**6,329**	**4,605**	**16,895**	**35,513**	**63,341**
Earnings after taxes	0	0	0	7,602	7,602
Other comprehensive income after taxes	0	0	0	(26)	(26)
Transfer to Reserves	0	0	365	(365)	0
Transfer of amortization of grants	0	0	253	(253)	0
Share capital increase	586	(586)	0	0	0
Share capital decrease	(586)	0	0	0	(586)
Balance as at 31/12/2018	**6,329**	**4,019**	**17,513**	**42,472**	**70,332**
Earnings after taxes	0	0	0	7,598	7,598
Other comprehensive income after taxes	0	0	0	(40)	(40)
Transfer to Reserves	0	0	380	(380)	0
Tax free reserves Law 3908/2011	0	0	62	(62)	0
Transfer of amortization of grants	0	0	207	(207)	0
Share capital increase (Note 6.11)	703	(703)	0	0	0
Share capital decrease (Note 6.11)	(703)	0	0	0	(703)
Balance as at 31/12/2019	**6,329**	**3,316**	**18,161**	**49,381**	**77,187**

The accompanying notes constitute an inseparable part of the financial statements.

Amounts in thousand euro

Statement of Cash Flows

	GROUP		COMPANY	
Indirect method	**1/1-31/12/2019**	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Cash flows from operating activities				
Earnings before taxes	**9,485**	**9,872**	**9,795**	**10,148**
Adjustments on Earnings for:				0
Depreciation of tangible assets	4,780	3,678	3,521	2,787
Amortization of intangible assets	317	289	317	289
Amortization of right-of-use assets	501		242	
Provisions	115	71	68	47
Impairment	164	0	0	0
Foreign exchange differences	(334)	570	(194)	(67)
Profit/(Loss) from the sale of tangible assets	(61)	(75)	(0)	(1)
Amortization of investment grants	(207)	(253)	(207)	(253)
Interest income	(0)	(2)	(81)	(19)
Interest expenses	679	680	597	604
Share of results in associate companies	(563)	(560)	0	0
Total adjustments on Earnings for Cash Flows	**5,392**	**4,397**	**4,264**	**3,387**
	14,877	**14,270**	**14,059**	**13,534**
Working capital changes				
(Increase) / decrease of inventories	1,474	(2,739)	2,105	(1,660)
(Increase) / decrease of receivables	(169)	1,360	(1,544)	(1,317)
Increase / (decrease) of liabilities	(154)	694	(440)	529
	1,151	***(684)***	***121***	***(2,448)***
Cash flows from operating activities	**16,028**	**13,586**	**14,181**	**11,086**
minus: Income tax paid	(2,830)	(3,873)	(2,810)	(3,860)
Net cash flows from operating activities	**13,198**	**9,713**	**11,371**	**7,226**
Cash flows from investment activities				
Share capital increase of subsidiary	0	0	0	(1,468)
Purchases of tangible fixed assets	(5,894)	(8,732)	(4,300)	(5,313)
Purchases of intangible assets	(433)	(251)	(433)	(251)
Receipts from sale of tangible and intangible assets	61	87	0	3
Interest received	0	2	81	19
Net cash flows from investment activities	**(6,266)**	**(8,895)**	**(4,652)**	**(7,010)**
Cash flows from financing activities				
Receipts from issued/collected loans	0	11,700	0	11,700
Payment of loans	(2,853)	(9,966)	(2,427)	(9,536)
Interest paid	(620)	(680)	(563)	(604)
Share capital return	(703)	(586)	(703)	(586)
Payments for Lease Liabilities	(554)	0	(270)	0
Net Cash flows from financing activities	**(4,730)**	**468**	**(3,964)**	**974**
Net (decrease)/ increase in cash and cash equivalents	**2,201**	**1,287**	**2,755**	**1,190**
Cash and cash equivalents at the beginning of the period	13,223	12,046	10,529	9,339
Effect from foreign exchange differences	46	(109)	0	0
Cash and cash equivalents at the end of the period	**15,470**	**13,223**	**13,285**	**10,529**

The accompanying notes constitute an inseparable part of the financial statements.

Amounts in thousand euro

1. General Information on the Company and Group

The Group operates in the sector of producing flexible plastic packaging items mainly for the food industry but also for other advanced special applications.

The Company "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" (hereafter mentioned as "Company" or "FLEXOPACK") is specifically active in the production of flexible plastic packaging materials that broadly appeal to many sectors, the most important of which is the food packaging sector. The Company has developed advanced know-how in the production of multiple layer packing films, holding the leading position in the Greek market as the competition comes from a limited number of companies that are active abroad. At the same time targeting the provision of total packaging solutions (total packaging concept) to its customers, the Company systematically prepares, since year 2013, the expansion of its activities in a new production system utilizing rotary vacuum chamber machinery.

The Company was initially established as a General Partnership in 1979 in Koropi Attica. In 1998 it is converted from a General Partnership to a Société Anonyme, its current form, under the corporate name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", according to L. 1297/1972 and C.L. 2190/1920 (Gov. Gazette11/5.1.1989, S.A. and L.T.D. issue). The company's base (constitutive and administrative) is located at the Municipality of Koropi Attica, at the position Tzima (Postal Code 194 00, tel.: + 30 210 6680000) and is registered in the General Commercial Registrar with GEMI number 582101000.

The term of the Company was initially set at 50 years. On August 1st, 2019, the decision with number 80363 - 1.8.2019 was recorded in the General Commercial Electronic Registry (GEMI) concerning the amendment of the Company's articles of association where one of the changes made concerned the conversion of the Company's term into indefinite.

The Company's building facilities are located at the Tzima position in Koropi Attica, in two self-owned plots with a total area of 29,432 sq. m. The total useful area of the building facilities amounts to 25,700 sq.m..
From September 1995, the Company operates and is a holder of the ISO 9001 quality assurance certificate for research, development, production, distribution and technical support of its products. The aforementioned certificate has been granted to the Company from the company Bureau Veritas Quality International.
Furthermore, in April 2003 the Company was certified with the new hygiene standard, the British Retail Consortium (BRC). This standard – with pan European recognition – introduces very high hygiene, products security and quality demands.
The Company's shares are listed and traded on the Athens Exchange from April 1996 (OASIS Code: ΦΛΕΞΟ).

2. Basis for the preparation of the financial statements

The consolidated and separate financial statements of FLEXOPACK PLASTICS SA of December 31st 2018 covering the period from January 1st up to December 31st 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as such have been adopted by the European Union.
Also, the Financial statements have been prepared based on a) the historic cost principle apart from the Provision for personnel indemnities where the valuation was made at fair and b) the going concern principle.
The consolidated Financial statements of the Company include the Financial statements of the parent Company FLEXOPACK PLASTICS SA, as well as those of its subsidiaries mentioned in the following section 3.1.1 Group Structure and methods of companies' consolidation.
The Financial statements are expressed in thousand euro.
It is noted that any differences in summations of the accompanying financial statements and analysis are due to rounding.
Wherever it was deemed appropriate, the comparative financial accounts and items have been reclassified in order to be aligned with any changes made in the presentation of the items of the current year.
The accounting principles, based on which the accompanying financial statements have been prepared and which the Group applies systematically, are consistent with those applied in the previous financial year apart from the adoption of IFRS 16 "Leases" the application of which commenced on 1st January 2019.

2.1 Changes in Accounting Principles

IFRS 16 "Leases"

On 13 January 2016, the IASB released IFRS 16 which replaced IAS 17 along with the interpretations 4, 15 and 27. The purpose of the standard is to ensure that lessees and lessors provide useful information that reasonably discloses the substance of the transactions relating to leases. IFRS 16 introduces a single model for the accounting treatment on behalf of the lessee requiring the lessee to recognize assets and liabilities for all lease agreements with a maturity of more than 12 months unless the underlying asset is of non-significant value.
The asset at the time of initial recognition consists of the amount of the initial recognition of the lease liability, the initial direct costs, any advance payments and the cost estimate of the liability for the recovery of the item. The lease liability to pay at the time of initial recognition consists of the present value of the future remaining unpaid leases.
Regarding the accounting treatment from the side of lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore the lessor continues to classify the lease agreements between operating and financial ones and to follow a different accounting treatment for each type of contract.
The Group and the Company adopted a new standard from 1st January 2019 by using the amended retrospective approach and without restating the comparative amounts. The changes that occurred during the transition to the IFRS 16 were recognized on 1st January 2019 as adjustments in the opening balance of the corresponding items in the statement of Financial Position.
The exemptions provided for in the model for lease agreements that expire within 12 months from the date of initial application and the lease agreements for which the underlying asset is of low value were also used.
The existing lease contracts / agreements relate to leases of transportation vehicles (passenger cars) and buildings.

The application of IFRS 16 led to the recognition of assets with utilization right and of respective liabilities in the Company and the Group, due to the existing lease contracts which on 31/12/2018 were classified in the operating leases according to IAS 17.
The above increase in the assets and the simultaneous increase in the liabilities have not affected the equity position of the Group and the Company.
The liabilities due to the leases were measured at the present value derived from the discounting of the payable leases by utilizing the incremental borrowing rate (IBR) of the lessee at the date of initial adoption.
The incremental borrowing rate (IBR) of the lessee is the interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
As a result of the increase realized in the lease liabilities on 31/12/2019, the net debt of the Group increased by 1,183 thousand and of the Company by 636 thousand (Note 5.G).
Furthermore, with the application of IFRS 16, the operating cost of lease is replaced with the depreciation charge for the rights-related assets and interest expense is deducted from the liabilities resulting, having as a consequence the improvement in the "Earnings before interest, tax, depreciation and amortization" (EBITDA) by € 554 thousand for the Group and by € 270 thousand for the Company (Note 6.29 – Payments of Lease Liabilities).
Finally, in the cash flow statement, the amounts relating to the payment of the lease and interest are being reflected in the financing activities instead of the operating activities that occurred prior to the application of IFRS 16, resulting in the increase in cash flows from operating activities and the corresponding decrease in the cash flows from financing activities.
The effect from the application of IFRS 16 during the 1st January 2019 as well as for the period 1/1/2019-31/12/2019 is presented in the note 6.29.

2.2 Adoption of New and Revised International Standards

New standards, amendments of standards and interpretations have been issued and with mandatory adoption for accounting periods beginning on 1st January 2019 or after.
Unless it is stated otherwise, the other amendments and interpretations in effect for the first time in the year 2019, have no impact on the financial statements of the Group. The Group has not adopted prematurely any standards, interpretations or amendments issued by IASB and adopted by the European Union but with no mandatory application in financial year 2019.

Standards and Interpretations Mandatory for the current financial year 2019

IFRS 16 "Leases"

During the year 2019, the Group adopted the standard IFRS 16, the analysis of which is presented in the above note 2.1, whereas the effect from its application as of 1st January 2019 as well as for the period 1/1/2019-31/12/2019 is presented in note 6.29.
The following amendments did not have any significant effect on the financial statements of the Company (or and the Group) unless it is stated otherwise.

Annual Improvements in IFRS, Cycle 2015-2017

In the context of the program of the annual improvements of the International Accounting Standards, the Board issued, on 12.12.2017, non-urgent but necessary amendments to individual standards as follows:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
The amendments to IFRS 11 clarify that when an entity which participates but it does not jointly control a joint operation can be brought into a position to obtain joint control of a business that is a

joint operation, as it is defined in IFRS 3. In such cases, the entity is not obliged to re-measure previously held interests in that business.

IAS 12 Income Taxes

The IASB by the amendments to IAS 12 clarified that an entity shall recognize all the income tax consequences of dividends distribution in profit or loss, in other comprehensive income or in equity, depending on where the transactions or events that generated distributable profits are initially recognized.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IAS 28 (Amendment) "Long-term Investments in Associates and Joint Ventures"

The Council, in October 2017, issued amendments to IAS 28 "Investments in Associates and Joint Ventures". With this amendment, the Council clarified that the exemption in IFRS 9 is only applicable to participations that are accounted for using the equity method. Entities should apply IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method does not apply and which are, in essence, part of the net investment in these associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019.

IAS 19 (Amendment) "Employee Benefits" - Amendment, Curtailment or Settlement of the Benefit Scheme.

The IASB (International Accounting Standards Board) on 7 February 2018, issued an amendment to IAS 19 specifying how the service cost should be determined when changes are made to the defined benefit plan. In accordance with IAS 19, in the event of an amendment, curtailment or settlement, the net obligation or requirement for defined benefit should be recalculated.

The amendment to IAS 19 requires that the revised assumptions used also include the recalculation of the net liability or receivable in order to determine the service cost and net interest for the remainder of the period after the change in the plan.

Also, the amendment to IAS 19 clarifies the effect of an amendment, curtailment or settlement on the requirements in respect of the limitation on the recognition of the net asset (asset ceiling).

The amendment is effective for annual accounting periods beginning on or after 1st January 2019.

IFRIC 23 Interpretation "Uncertainty over Tax Treatments

The IASB issued IFRIC 23 on 7 June 2017. Interpretation 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. In such case should be considered:

-- whether tax treatments should be considered collectively or independently and on the assumption that the examinations will be done by the taxation authorities having full knowledge of all relevant information:

-- it is probable that the taxation Authorities will accept the entity's determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates and

-- an entity has to reassess its judgments and estimates if facts and circumstances change.

The interpretation is applied in annual accounting periods beginning on or after 1 January 2019. Applying this Interpretation the Company and the Group reviewed all the data and re-evaluated the rationality of the tax treatment.

IFRS 9 (Amendment) "Financial Instruments - Prepayment characteristics with negative remuneration"

The Board issued on 12 October 2017 an amendment to IFRS 9 which allows certain prepaid financial assets with features of negative remuneration, which otherwise would have been valued at fair via the results, to be measured and valued at the net amortized cost or at fair via the other results which are directly recorded in Equity. The amendment in IFRS 9 clarifies that the contractual terms which govern a financial asset comprise exclusively the cash flows on capital and interest on the balance of the capital due, which must be paid in certain dates (Solely Payments of Principal and Interest- SPPI), regardless of the event that causes the premature expiration of the contract and also regardless of the counterparty that pays or receives the fair remuneration from the premature expiration of contract.

- **Standards and Interpretations mandatory for subsequent periods that have not been applied earlier by the Company (or the Group)**

The following amendments are not expected to have a significant impact on the financial statements of the Company (or the Group) unless otherwise stated.

Amendments to the references of the IFRS conceptual framework (issued on 29 March 2018)

On 29 March 2018, the International Accounting Standards Board issued the revised conceptual framework, which redefines:

-The purpose of financial information,

-the qualitative characteristics of the financial statements,

-the definitions of the asset, the liability, the net position, as well as the income and expenses,

-the recognition criteria and the instructions regarding the timing of write-offs of assets and liabilities in the financial statements,

- the valuation bases and instructions on how they should be used and,

The purpose of reviewing the conceptual framework is to assist in preparing financial statements to develop consistent accounting policies for transactions and other events that do not fall within the scope of existing standards, or when a template provides a choice between accounting policies. In addition, the purpose of the review is to help all involved parties understand and interpret standards.

The International Accounting Standards Board also issued an accompanying document, "Amendments to Conceptual Framework References", which sets out the changes to the standards that are affected in order to update the references to the revised conceptual framework.

The amendment is applied by the authors who develop accounting policies under the conceptual framework in the annual accounting periods beginning on or after January 1, 2020.

IAS 1 and IAS 8 (Amendments) "Definition of Material"

On October 31, 2018, the IASB in the context of the disclosures initiative issued amendments to IAS 1 and IAS 8, which clarify the definition of what is material and how it should be implemented, including guidance on the definition that has so far been reported in other IFRSs.

The new provision stipulates that information is important if the fact of omission, concealment or inaccurate disclosure is reasonably intended to affect the decisions taken by the main users of the financial statements based on those statements. The amendments include evidence of circumstances that may lead to the concealment of important information.

The definition of material, which is an important accounting concept in IFRS, helps companies to decide whether the information should be included in their financial statements. The updated definition amends IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendment ensures that the definition of material is consistent across all IFRS standards. The amendment shall apply from or after 1 January 2020.

IFRS 9, IAS 39 and IFRS 7 (Amendment) "Interest Rate Benchmark Reform"

On 26 September 2019, the IASB adopted amendments to IFRS 9, IAS 39 and IFRS 7 in order to address the impact on financial reporting of the interest rate benchmark reform over the period prior to the replacement of an existing reference rate with an alternative interest rate. The amendments provide temporary and limited exceptions to the requirements of the International Accounting Standards (IAS) 39 *Financial Instruments: Recognition and measurement* of the International Financial Reporting Standard (IFRS) 9, so that the companies can continue to meet the requirements, assuming that the existing interest rate reporting criteria do not change due to the reform of the interbank lending rate.

The exceptions concern the application of the following provisions:

- The requirement of a very high probability of fulfillment with regard to cash flow hedging,
- The evaluation of the economic relationship between the hedged element and the means of hedging,
- Identifying a component of an item as a hedged item.

The amendment applies to the annual accounting periods beginning on or after 1 January 2020.

Standards and Amendments of Standards that have not been adopted by European Union

IFRS 17 "Insurance Contracts"

On May 18, 2017, the IASB issued IFRS 17, which replaces the existing IFRS 4 standard.

IFRS 17 establishes the principles for the recording, valuation, presentation and disclosure of insurance policies for the purpose of providing a more uniform approach to valuation and presentation for all insurance policies (contracts).

IFRS 17 requires that the assessment of insurance obligations not be made at historical cost but at current value consistently and by using:

- impartial expected weighted future cash flow estimates based on updated assumptions,
- discounted interest rates that reflect the cash flow characteristics of contracts and
- estimates of the financial and non-financial risks arising from the issuance of insurance policies.

The new standard is applied in annual accounting periods beginning on or after 1 January 2021.

It is also noted that in November 2018, the IASB proposed the transfer of the date of mandatory implementation of the new standard to 1/1/2022.

IFRS 3 (Amendment) "Business Combinations"

The amendment concerns the improvement of the company's definition in order to help companies determine whether or not they are acquiring a business or group of assets. The modified business definition focuses on the output of a business, which is the supply of goods and services to customers, while the former definition focused on returns in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. In addition, the amendment adds guidelines for assessing whether an acquired process is substantial and introduces an optional exercise of reasonable value concentration in indicative examples.

Companies are required to apply the amended definition of the entity to acquisitions on or after 1 January 2020.

IAS 1 (Amendment) "Classification of liabilities into short-term or long-term ones"

The amendment only affects the presentation of liabilities in the statement of Financial Position. The amendment clarifies that the classification of liabilities should be based on existing rights at the end of the reporting period. The amendment also clarified that the Management's expectations for the events that are expected to occur after the balance sheet date should not be taken into account and clarified the cases that constitute a settlement of the liability.

The amendment shall apply to the annual accounting periods beginning on or after 1 January 2022.

2.3 Significant accounting judgments, estimations and assumptions

The preparation of financial statements according to IFRS requires management to make decisions, perform estimations and use assumptions that affect the amounts presented in the financial statements, the assets, liabilities, as well as the disclosure of contingent assets and liabilities during the preparation date of the financial statements and the published income and expenses amounts for the reporting period. The actual results may differ from such estimations.

Estimations and judgments by the Management are continuously evaluated and are based on empirical data and other factors, such as expectations for future events considered probable under specific conditions.

Specific amounts which are included or affect the Financial statements, and the relevant disclosures, must be estimated. During the estimations, assumptions must be created as regards to the values or conditions that cannot be known with certainty during the preparation period of the financial statements. An important accounting estimation is considered as one that is important for the depiction of the company's financial position and results and demands the most difficult, subjective or complicated judgments by management, often as a result of the need to create estimations regarding the effect of assumptions which are uncertain. The Group evaluates such estimations on a constant basis, based on the results of the past and based on experience, meetings with specialists, trends and other methods that are considered appropriate under the specific circumstances.

The significant accounting judgments, estimations and assumptions that refer to data, the evolution of which could affect the financial statements' accounts, are the following.

Estimated impairment of the value of investments in subsidiaries and associates

The Group, with the exception of goodwill which is being tested for impairment on annual basis, performs the relevant impairment audit of its investments' value when events or conditions increase the probability of such impairment. The recovered amounts of the cash flow generating units have been estimated according to the calculations of the value in use. For the calculation of the value in use, the estimated future cash flows are discounted into present value with the use of a discount factor.

The determination of the future flows is performed after in-depth analysis and estimates by the management with regard to the level of future profitability as well as the assessment of the existing conditions in the market. The basic assumptions which are being utilized are related to the following factors: Discount rate, levels of sales in the next 5-year period, gross profit margin and growth rate after the 5-year period.

The above calculations require the use of estimates.

Useful life of tangible fixed assets

Fixed assets are being depreciated along their estimated economic life.

The Management makes certain estimations regarding the useful life of depreciated fixed assets.

Provisions for impairment of trade receivables

The Group makes provisions for doubtful receivables in relation to certain customers when there is evidence or when there are certain elements which indicate that the cash collection with regard to a particular claim is not likely to occur. The Management of the Group proceeds with a periodical reassessment of the adequacy of the provision regarding the doubtful receivables in relation to its credit policy and according to the data of the Group's Legal Department. These data derive from the processing of historical information and from recent developments concerning cases under examination.

Income taxes of tax un-audited financial years

The provision for income tax requires judgment and is calculated by estimating the taxes that will be paid to the tax authorities.

There are many transactions and calculations which render the final determination of the tax uncertain. The Company recognizes liabilities from expected tax audits, based on estimates of whether or not additional taxes will be imposed. If the final outcome of the audit is different from the initially recognized, then the difference will affect the income tax of the period.

Recovery of deferred tax receivables

A deferred tax receivable is recognized for unutilized tax losses to the extent that there will be sufficient taxable earnings in future in order to be offset with these tax losses. For the determination of the amount of the deferred tax receivable which may be recognized there is the requirement of judgments and estimations that must be made by the Group's Management. These are based on the future taxable earnings in combination with the tax policies that will be followed in the future.

Obsolescence of inventories

Appropriate provisions are being performed for obsolete and useless inventories whenever it is deemed appropriate and necessary. The reductions of the inventory value at the net liquidation value and the other losses from the inventories are recorded in the statement of results during the period when they appear.

3. Basic accounting principles

The accounting principles based on which the accompanying financial statements have been prepared, and which are consistently applied by the Group, are presented as follows.

3.1 Consolidation

Subsidiaries

All companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority voting rights in the undertaking or, in the case where there is no majority shareholding, through agreement of the Company with the other shareholders in the undertaking. That is to say that subsidiaries are companies in which control is exercised by the parent. Subsidiaries are consolidated completely (full consolidation) with the purchase method from the date that control over them is acquired and cease to be consolidated from the date that this control no longer exists.

The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately booked directly in the results.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also eliminated except if the transaction provides indication of impairment of the transferred asset.

The participations in subsidiaries, are measured at acquisition cost minus any impairment losses in the Company's Financial statements.

The accounting principles of subsidiaries have been adjusted when deemed necessary in order to ensure consistency with the accounting principles adopted by the Group. The preparation date of the financial statements of subsidiaries coincides with that of the parent Company.

Non-controlling interests represents the percentage of profit or loss and equity that don't correspond to the Group and are presented separately in the consolidated income statements as well as in a separate line in equity in the consolidated statement of Financial Position.

Associate companies

Associates are companies on which the Group can exercise significant influence but not control. The assumptions used by the group imply that a holding of between 20% and 50% of a company's voting rights suggests significant influence on the company. In the Financial statements of the Company, investments in associates are measured at acquisition cost minus impairment losses, while in the consolidated Financial statements associates are consolidated with the equity method.

The Group's share in the profit or losses of associate companies after the acquisition is recognized in the results, while the share of changes in reserves after the acquisition is recognized in reserves. When the

Group's share in the losses of an associate is equal or larger than its participation in the associate, including any other doubtful debts, the Group does not recognize any further losses, except if it has covered liabilities or made payments on behalf of the associate company.
Unrealized profits from transactions between the Group and its associates are eliminated according to the percentage of the Group's holding in the associates. The accounting principles of the associates have been amended so as to conform with those adopted by the Group.

3.1.1 Group Structure and consolidation method

The Group's companies with the respective addresses, and percentages by which the Company participates in their share capital, as well as the respective consolidation method in the consolidated Financial statements, are presented below.

Name	Domicile	Activity	% Participation 31/12/2019	% Participation 31/12/2018	Type of Participation	Relationship that dictated the consolidation	Year of Acquisition
Subsidiary Companies via Full Consolidation Method							
FLEXOPACK AEBE	Koropi - Attica	Production - Flexible plastic packaging	Parent	Parent			
FLEXOPACK POLSKA Sp. Zo.o	Malbork Poland	Production - Flexible plastic packaging	100	100	Direct	The participation percentage	2007
FLEXOSYSTEMS LTD	Begrade Serbia	Trading - Flexible plastic packaging	100	100	Direct	The participation percentage	2010
FLEXOPACK INTERNATIONAL LIMITED	Larnaca Cyprus	Holding company	100	100	Direct	The participation percentage	2014
FLEXOPACK PTY LTD	Brisbane Australia	Trading - Manufacturing Flexible plastic packaging	100	100	Indirect	The participation percentage	2014
FLEXOPACK NZ LIMITED	Auckland New Zealand	Trading - Flexible plastic packaging	100	100	Indirect	The participation percentage	2016
FLEXOPACK TRADE AND SERVICES UK LIMITED	Norwich England	Trading - Flexible plastic packaging	100	100	Indirect	The participation percentage	2014
FLEXOPACK PROPERTIES PTY LTD	Brisbane Australia	Property portfolio	100	100	Indirect	The participation percentage	2017
FLEXOPACK FRANCE	Lyon France	Trading - Flexible plastic packaging	100	100	Indirect	The participation percentage	2018

Subsidiaries "FLEXOPACK PTY LTD", "FLEXOPACK PROPERTIES PTY LTD", "FLEXOPACK TRADE AND SERVICES UK LIMITED" and "FLEXOPACK FRANCE", are fully controlled from the Cypriot subsidiary «FLEXOPACK INTERNATIONAL LIMITED» which is fully owned (100%) by the parent company "FLEXOPACK PLASTICS SA".

The subsidiary company «FLEXOPACK NZ LIMITED», is fully controlled by «FLEXOPACK PTY LTD».

Associate Companies via Equity Consolidation Method							
VLACHOU BROS SA	Koropi - Attica	Production - Flexible plastic packaging	47.71	47.71	Direct		2001
INOVA PLASTICS SA	Thiva	Production - Rigid plastic packaging	50.00	50.00	Direct		2001

Amounts in thousand euro

3.2 Operation and presentation currency and foreign currency translation

Euro is the Group's and Company's presentation and operation currency. Foreign exchange transactions are translated to euro based on the exchange rates in effect at the transaction dates. At the date when the financial statements are prepared, receivables and liabilities in foreign currency are translated in order to reflect the foreign exchange rates at the balance sheet date.
Profit and losses deriving from transactions in foreign currencies as well as from the valuation of foreign currency units at the end of the year are included in the income statement, with the exclusion of transactions that fulfill the conditions of cash flow hedging, which are depicted in the statement of comprehensive income.
The operating currency of the foreign subsidiaries is also the official currency of the country which each company operates in. For foreign subsidiaries which do not operate in the euro area, the conversion of their financial statements will be as follows.
Assets and liabilities are translated with the exchange rates in effect during the date of the statement of Financial Position.
Equity is translated with the exchange rates in effect during the dates when such resulted.
Income and expenses are translated with the average exchange rate during the period. The resulting foreign exchange differences from the above translation are registered in the statement of comprehensive income until the sale, write-off of a subsidiary, when such are transferred to the results for the year.

3.3 Tangible fixed assets

Tangible fixed assets are reported in the Financial statements at acquisition cost, less accumulated depreciations and any accumulated impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.
Subsequent expenditure is added to the carrying value of the assets or is booked as a separate asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately measured.
The cost of repairs and maintenance is booked in the results when such are realized.
Tangible assets under construction include fixed assets under construction and are presented at cost.
Tangible assets under construction are not depreciated until the asset is completed and ready for its intended productive operation.
Land is not depreciated. Depreciation of other tangible fixed assets is calculated using the straight line method over their useful lives, as follows:

- Buildings: 25 years
- Mechanical equipment: 8-15 years
- Vehicles: 5-10 years
- Other equipment: 3-10 years

Upon sale of tangible fixed assets, any difference between the proceeds and the carrying value are booked as profit or loss in the results.

3.4 Goodwill

Goodwill is the difference between acquisition cost and the net assets that were acquired during the acquisition date of the subsidiary company. The resulting acquisition expenses are accounted for in expenses. The Company during the acquisition date recognizes the goodwill that resulted from the acquisition, presenting such as an asset at cost. Following initial recognition, goodwill is valued at acquisition cost less the cumulative losses due to impairment. Goodwill is not amortized however it is

reviewed annually for any impairment, or even more frequently if there are events that indicate loss. Impairment losses related to goodwill cannot be reversed in subsequent periods.
In the case where the fair value of equity during the acquisition date of a company is larger than the price paid for its acquisition then a negative goodwill (income) is recorded directly as income in the income statement.

3.5 Intangible assets

Intangible assets are presented in the Financial statements at acquisition cost minus accumulated amortization and any accumulated impairment losses.
Amortization is calculated with the straight line method through the duration of their useful economic life.
Intangible assets comprise know-how rights, patents, cost for the development of new products and software licenses.
a) Know-how rights concern the purchase of a patent right and of all the applications of the patent of the patent right group based on the "multiple layer heat-shrinkable packing film", with all the rights and obligations stemming thereof. The initial recognition of the intangible asset has been done at cost (contractual consideration for purchase) which is reduced on an annual basis through amortization. The useful life of the intangible asset has been estimated by the Management at 20 years. It is noted that this right may become the object of a trade in the future.
b) Cost for the development of patents related to various products such as multiple-layer packing film, which are exported to various countries and amortized based on their useful life as this is estimated by Management at 20 years. The initial recognition is made at acquisition cost which is reduced annually through amortization.
c) Expenses related directly to research, which includes the cost of raw materials used. The cost of in-house research of products is recognized as an intangible asset. Until the completion of the research, assets are subject to impairment reviews. Amortization begins with the completion of the asset and is calculated based on the straight line method. The useful life of the above intangibles is estimated by Management at 10 years.
The expenses related to research activities are recognized as expenses during the period. Expenses realized during the research phase of a new product are recognized as intangible assets if the following are met:

- the technical viability of the under development product for internal use or sale may be proven.
- the intangible asset will create potential future benefits from the internal use or sale.
- there are adequate and available technical, economic and other resources for the completion of its development and
- the value of intangible asset may be reliably estimated.

d) Software: Software licenses are valued at acquisition cost less amortization. Amortization is effected using the straight line method throughout the useful life of these assets which ranges from 1 to 10 years.

3.6 Impairment of Assets

The Group examines at each date of the annual financial statements whether and to what extent there are indications that the value of an asset may be impaired. Apart from goodwill and intangible assets with an indefinite economic life, which are reviewed for impairment annually, the carrying values of other assets are subject to an impairment review when events or changing conditions imply that their carrying value may not be recoverable. The impairment loss of an asset is recorded as an expense in the income statement when the net book value of the asset is higher than its recoverable value. The recoverable value is defined as the highest between the fair value less the cost of sale and the value in use of the asset. Fair value less the cost of sale is the amount that can be received from the sale of an asset in the context of a bilateral agreement where both parties have full knowledge and proceed on their own will, after the deduction of any additional direct cost for the sale of the asset. Value in use is the present value of the estimated future cash flows expected to be generated as result of the asset's constant use and sale at the end of its useful life. For the purposes of determining the impairment, assets are grouped at the lowest possible level for which separate cash flows can be determined.

3.7 Trade receivables and other receivables

The trade and other receivables are initially recognized at fair value and in a later stage are valued at their net cost, after the deduction of any impairment losses. The impairment losses are recognized whenever there is objective evidence that the Group is not in position to collect the entire amounts which are due according to the contractual terms. The amount of impairment is the difference between the book value of the receivables and the present value of the estimated future cash flows. The amount of the provision is recorded as a expense in the statement of results.

3.8 Inventories

Inventories include raw and auxiliary materials, packaging items, consumables, spare parts, finished and semi-finished products and merchandise.
The cost of inventories includes all the purchasing and manufacturing expenses as well as the expenses that were realized in order to render the inventory at its current position and condition. The cost of inventories does not include financial expenses.
At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of business of the company less any relevant sales expenses.
The cost of inventories is defined by the weighted average method.
With regard to obsolete and scrap inventory, relevant provisions are formed and the corresponding losses are recorded in the statement of income during the period they arise.

3.9 Cash & cash equivalents

Cash and cash equivalents include cash in the bank and in hand as well as short term time deposits. Cash & cash equivalents have negligible market risk.

3.10 Suppliers and related liabilities

The trade liabilities are initially recognized at fair value and in later stage are being valued according to the net cost method via the utilization of the effective interest rate.

3.11 Financial Assets and Financial Liabilities

Initial recognition and subsequent measurement of financial assets
As of 1 January 2019, in accordance with IFRS 9, the following two items are used as the basis for the classification of financial assets.
(a) the concept of an entity's business model for the management of financial assets as determined by key management personnel (in accordance with the definitions in IAS 24); and
(b) the characteristics of the contractual cash flows of the financial asset.
Each financial asset is classified into one of three categories:

(a) at amortized cost, when it is withheld for the purpose of collecting conventional cash flows on specific dates consisting of the repayment of capital and interest.

(b) at fair value through other comprehensive income, when it is withheld for the purpose of collecting conventional cash flows or for the purpose of selling it.
(c) at fair value through profit or loss, provided that it does not fall into any of the above two categories.

Financial assets recognized at amortized cost are subsequently measured using the effective interest method and are tested for impairment. Profits and losses are recognized in profit or loss when the asset ceases to be recognized, modified or impaired.
Financial assets of the Group and the Company that are valued at amortized cost include customer receivables and other receivables.
The Group and the Company as at 31/12/2019 did not hold financial assets measured at fair value through other comprehensive income measured at fair value through profit or loss.

Impairment of financial assets
The Group and the Company assess, at each reporting date, whether the value of a financial asset or a group of financial assets has been impaired as follows:
A provision for impairment against expected credit losses for all financial assets that are not measured at fair value through profit or loss is recognized.
Expected credit losses are based on the difference between all contractual cash flows payable under the contract and all cash flows that the Group or the Company expects to receive, discounted at the approximate original effective interest rate.
For corporate receivables and other receivables, the Group and the Company apply the simplified approach for calculating the expected credit losses, i.e. at each reporting date, measure the provision for a financial instrument for an amount equal to the expected credit loss, throughout their life without monitoring the changes in credit risk.

Derecognition of financial assets
A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to the inflow of cash resources have expired
-The Group or the Company retains the right to receive cash flows from that asset but has also undertaken to pay them to third parties in full without undue delay in the form of a transfer agreement;
-The Group or the Company has transferred the right to receive cash flows from that asset while either (a) it has transferred substantially all the risks and rewards thereof or (b) has not transferred substantially all the risks and rewards , but has passed the control of that item.

Initial recognition and subsequent measurement of financial liabilities
Financial liabilities may be classified into two categories:
(a) Financial liabilities measured at fair value through profit or loss, and
(b) Financial liabilities measured at amortized cost.
They are initially measured at their fair value less the cost of trade, in the case of loans and payables.
Financial liabilities of the Group and the Company consist of bank loans, liabilities to suppliers and related liabilities and subsequently from initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities
A financial liability is derecognized when the commitment resulting from the obligation is canceled or expires. When an existing Financial Liability is replaced by another by the same Lender but under substantially different terms or the terms of an existing liability are substantially amended, such exchange or amendment is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective book values is recognized in the income statement.

Offsetting of financial receivables and liabilities

Financial assets and liabilities are offset and the net amount is reflected in the statement of Financial Position only when the Group or the Company legally holds that right and intends to offset them on a net basis with each other or to claim the asset and settle the obligation at the same time. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.12 Financial Derivatives

The financial derivatives are initially recorded at fair value during the transaction date and subsequently are valued at fair value. Changes in fair value are recorded in the results unless hedge accounting is applied. The fair value of financial derivatives is defined by the price of such in an active market, or by using valuation techniques in cases where there is no active market for such instruments.

Derivatives are classified as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

The gains or losses resulting from changes in the fair value of derivatives are accounted for directly in the statement of results, except for the effective part of the cash flow hedging, which is recognized in the statement of other comprehensive income and then it is transferred to the results of the year when the prospective transaction is finally recognized in the statement of results.

For the purposes of hedge accounting, the hedging actions are classified as follows:

• Hedging of fair value, when the risk is adjusted to changes in the fair value of an asset or liability or an unrecognized corporate commitment.

• Cash flow hedging when the risk of cash flow variability is adjusted in relation to a recognized asset or liability, or in relation to an extremely probable transaction.

• Hedging for net investment in foreign subsidiaries.

During the initial recognition of the transaction, the Group shall record in detail the relationship between the hedging and the hedged item, as well as the purpose and the risk management strategy that is served through the agreement of the hedging.

The documentation includes the determination of the hedging and the hedged item or transaction, the nature of the risk that is being hedged and the way in which the company will evaluate the effectiveness of the changes at fair value of the hedging instrument for the offset of the risk due to changes in the fair value of the hedged item, meaning the cash flows relating to the hedged risk.

These compensations are expected to be extremely effective in achieving offsetting changes in fair value or cash flows and are constantly being assessed to determine their effectiveness throughout the years for which they have been set. The fair value of a derivative as a hedging instrument is recorded either as a non-current asset or as a long-term liability, when the remainder of the period until maturity is greater than 12 months, or as an asset or short-term liability if the remainder of the period until maturity is less than 12 months.

3.13 Share capital

The share capital depicts the nominal value of the common shares issued and outstanding. The price paid above nominal value per share is recorded in the account “Share Premium” in Equity. Direct expenses paid for the issuance of new shares or rights are recorded in equity as a deduction from the amounts of the issue.

3.14 Loans

Loans are initially recognized at cost, namely at the fair value of the amount received, less any possible direct costs for the realization of the transaction. Subsequently, loans are valued at net book cost based on the effective interest rate method. The borrowing cost is recognized in the results of the period when such is realized.
Borrowing cost that is directly linked to the purchase or construction of an asset, which requires a significant period in order to render such ready for use, is capitalized as part of the asset's acquisition cost. From the beginning of the fixed asset's production operation and after, the loan's interest are charged in the results.
Loan liabilities are classified as short-term except for the cases where the Group has the right to postpone the payment of the liability for at least 12 months after the date of the annual financial statements.

3.15 Income tax (Current and deferred)

The period charge for income tax consists of the current tax and the deferred taxes, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but which have been or will be assessed by the tax authorities in different periods.
The income expense stands for the sum of the currently payable tax and the deferred tax, plus any additional tax from previous years' tax audit.
The tax burden of the current year is based on the year's taxable profit. The taxable profit differs from the net accounting profit appearing in the results since it excludes income or expenses which are taxed or which are tax deductible in other years and since also it excludes items which are never being taxed or being tax deductible. The tax is calculated according to the effective tax rates or those which have been enforced at the date of the Statement of the Financial Position.
Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets and liabilities.
Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up during the date of the annual financial statements.
Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.
The Group proceeds with offsetting entries between tax receivables and tax liabilities whenever there is a legally applicable right for such action as well as whenever the deferred tax receivables and tax liabilities concern taxable income imposed by the same tax authority.

3.16 Employee benefits

Short-term benefits
Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrue. Any unpaid amount is booked as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.
Post-employment Benefits
According to Law 2112/20, the Company pays to employees a compensation as a lump sum due to retirement or dismissal. The level of the paid indemnity depends on the years of service, the level of remuneration and whether it is due to retirement or dismissal.
In Greece, the indemnity payable in the case of retirement equals with 40% of the indemnity that would be payable in case of dismissal.
The relevant liability for employee indemnities recorded in the annual Financial statements is the present value of the commitment for the defined benefit less the changes deriving from the non

recognized actuarial profit and loss and the service cost. The commitment for the defined benefit is calculated by an independent actuarial officer with the use of the projected unit credit method. The liability is defined by taking into consideration several parameters such as age, service years, salary and specific obligations for paid benefits.
The provisions corresponding to the current financial year are recorded in the statement of comprehensive income.

3.17 Government Grants

The Group recognizes the government grants that cumulatively satisfy the following criteria: (a) There is reasonable certainty that the company has complied or will comply with the conditions of the grant and (b) it is certain that the amount of the grant will be received. They are booked at fair value and are systematically recognized as revenue according to the principle of matching the grants with the corresponding costs that they are subsidizing.
Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenue over the useful life of the fixed asset.
Amortization of grants is presented in "Other operating income" in the Income Statement.

3.18 Provisions for contingent claims-liabilities

Provisions constitute liabilities of uncertain time frame or amount.
Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed at the end of each reporting period so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation.
The provisions may differ from the possible liabilities which unlike the forecasts are not certain to be verified in the future nor can their amount be reliably measured.
Contingent liabilities are not recognized in the Financial statements but are disclosed, except if the probability that there will be an outflow of resources is very small.

3.19 Recognition of income

Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Inter-company income within the Group is eliminated completely.

The new IFRS 15 establishes a five-step model to measure revenue arising from contracts with customers as follows:
1. Determination of the contract (s) with the customer.
2. Determination of implementation obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations of the contract.
5. Recognition of income when the Company fulfills an obligation to execute.

In accordance with IFRS 15, revenue is recognized when the customer acquires control of the goods or services by specifying the time that the control is transferred either at a given point in time or over time (usually in the provision of services).
The Group will recognize revenue in a way that reflects the transfer of the goods or services to customers to the amount it expects to be entitled to in exchange for those goods or services.
Revenue from the service is recognized at the level of the completion of the services provided at the date of the balance sheet of the total number of the services rendered and the demand is reliably secured.
Interest income is recognized on a time proportion basis using the effective interest rate.

3.20 Leases

The Group recognizes right-of-use assets and lease liabilities for operating leases relating to the lease of means of transport, mainly passenger cars and buildings at the beginning of the lease. The assets with the right of use are registered separately in the statement of Financial Position on the line "Right-of-use fixed assets".
The right of use is initially valued at the cost, which includes the amount of the initial recognition of the lease liability, any lease payments made at the beginning or before the start of the lease minus any lease incentives received, any initial direct costs and the estimation of the liability for any costs of restoring the right to use an asset.
After the initial recognition, the right of use is valued at the cost of acquisition reduced by any cumulative depreciation and impairment losses and adjusted in the event of a reassessment of the lease liability.
The right of use is amortized by the method of straight line amortization method until the end of the lease period, unless the contract provides for the transfer of ownership of the underlying asset to the Company at the end of the lease period. In this case, the right of use is amortized during the economic life of the underlying asset. In addition, the right of use is checked for impairment damages, if any, and is adjusted in cases where there is an adjustment of the lease liability.

The lease liability at initial recognition consists of the present value of future residual rent payments. The Company uses the implied lease rate to discount future leases and, where this cannot be determined, uses the lender's differential lending rate.
The differential lending interest rate of the lessee is the interest rate at which the lessee would be charged if he borrowed the necessary funds to purchase an asset of similar value to the asset with the right to use, for a similar period of time, with similar financial security and in a similar economic environment.

Lease payments incorporated in the valuation of lease liability include the following:
- fixed payments,
- variable payments depending on an indicator or an interest rate,
- amounts expected to be paid on the basis of residual value guarantees,
- the price of the exercise of the purchase right that the Company considers that it will also exercise as well as penalties for termination of the lease, if the determination of the duration of the lease has taken into account the exercise of the right of termination or denouncement by the Company.

After the start date of the lease period, the lease liability decreases with the payment of the lease, increases with the financial and economic expense and is measured constantly for any reassessments or modifications of the lease.

A revaluation is made when there is a change in future lease payments that may result from a change in an index or if there is a change in the Company's estimate of the amount expected to be paid for a residual value guarantee, a change in the lease and a change in the estimate of the right to purchase the underlying asset, if any. When the lease liability is adjusted, a corresponding adjustment is made to the book value of the right-of-use or is recorded in the results when the book value of the right-of-use is reduced to zero.
According to the accounting policy selected by the Group, the right to use is recognized in a distinct line in the Balance Sheet entitled "Right-of-use fixed assets" and the liability to lease is recognized in the "Lease liabilities" in the categories of Long-Term and Short-Term Liabilities respectively.
The Group has selected to use the exception provided by IFRS 16 and not to recognize the right to use and the lease liability for leases not exceeding 12 months or for leases in which the underlying asset is of low value (less than 5,000 Euros when it is new).

3.21 Dividend distribution

The distribution of dividends to shareholders of the parent Company is recognized as a liability in the Financial statements at the date on which the distribution is authorized by the Annual General Shareholders Meeting.

3.22 Earnings per Share

Basic earnings per share are calculated by dividing the year's net earnings corresponding to the common shareholders with the weighted average number of shares outstanding during the same year.
There were no convertible bonds to shares or other securities that may be converted into shares and which would dilute the earnings of the year which the accompanying Financial statements refer to, and therefore diluted earnings per share have not been calculated.

4. Segment reporting

The Group is active in the production of flexible plastic film packing materials mainly utilized in the food industry.
Given that the conditions for application of I.F.R.S. 8 "Operating Segments" are not met, and specifically the condition (b) and (c) of paragraph 5 of the Standard are not met, the Group's activities are presented as one segment.
The above conditions define that an operating segment constitutes part of the company: a) for which operating results are reviewed regularly by the "Chief Operating Decision Maker", which corresponds to the parent company's Board of Directors for the Group, in order to make decisions regarding the allocation of resources and to assess its effectiveness and b) for which separate Financial information is available.
The geographical allocation of the Group's sales and assets is presented in the following table.

GROUP

1/1-31/12/2019	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	11,768	36,768	40,741	0	**89,277**
Assets	110,827	25,108	12,522	(35,155)	**113,302**
Purchases of Fixed Assets	4,733	462	456	0	**5,651**

GROUP

1/1-31/12/2018	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	11,776	34,800	37,916	0	**84,492**
Assets	107,379	25,115	10,307	(32,420)	**110,380**
Purchases of Fixed Assets	5,861	3,148	1,401	0	**10,410**

5. Risk management

Given its exporting activities and particularly its high extrovert strategy, the Group operates within an intense competitive global environment. The Group's general activities create several financial and other risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk

Amounts in thousand euro

management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the Financial performance of the Group.
The Group's Financial assets and Financial liabilities mainly consist of cash & cash equivalents, trade receivables, loans and other receivables, as well as bank loans, liabilities towards suppliers and related liabilities.
Risk management is monitored by the finance department and is designed in the context of rules approved by the Board of Directors. The finance department defines and evaluates the financial risks related to the Group's activities and acts accordingly for the management of such, according to specific guidance and instructions received by the Board of Directors to handle each specific risk.

I. The usual financial risks to which the Group is exposed are as follows:

A. Exchange rate risk

The Group operates on a global level and realizes transactions in foreign currency, mainly a) in U.S. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).
The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign operations expressed in currency other than Euro, whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.
The Group's priced sales in foreign currency during the year 2019 represented 36.75% of total sales, of which 6.15% concerned sales in USD., 9.07% sales in PLN, 16.37% sales in AUD, 3.91% sales in GBP and the remaining 1.25% sales in other foreign currencies.
The foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged via placement in foreign currency and via the use of foreign exchange futures depending on the needs each time.
The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.
The following table presents the exposure of the Group to exchange rate risk on 31/12/2019 and more specifically the effect on the earnings before taxes and the equity of the Group in case of a 5% change in the exchange rates compared to the exchange rate of 31/12/2019, keeping all other variables constant.
More specifically, the presented changes concern the exchange rates EUR/USD, EUR/PLN, EUR/AUD and EUR/GBP.

Sensitivity Analysis for Foreign Exchange Changes

GROUP	Foreign Currency	Increase / (decrease) of foreign currency against €	Effect on earnings before taxes	Effect on equity
Amounts for 2019	USD	5,00%	52	39
		-5,00%	-52	-39
	PLN	5,00%	441	681
		-5,00%	-441	-681
	AUD	5,00%	548	333
		-5,00%	-548	-333
	GBP	5,00%	87	76
		-5,00%	-87	-76
Amounts for 2018	USD	5,00%	46	33
		-5,00%	-46	-33
	PLN	5,00%	463	681
		-5,00%	-463	-681
	AUD	5,00%	425	302
		-5,00%	-425	-302
	GBP	5,00%	113	84
		-5,00%	-113	-84

B. Cash flow risk due to changes in interest rates

The Group's operating income and cash flows are influenced by changes in interest rates, but the relatively low level of bank lending in the Group and the fact that long-term bank lending has been contracted with fixed interest rates makes this risk controlled and not capable of materially affecting the Group's activity and development.
The table below shows the effect on the Group's pre-tax profits and equity on potential interest rate changes in relation to the weighted average interest rate for the year 2019, based on the Group's total borrowings at 31/12/2019.

Sensitivity Analysis of Group's Loans against changes in interest rates

Interest and expenses on received bank loans

GROUP	Interest rate change	Effect on earnings before taxes	Effect on equity
Amounts for 2019	1%	-156	-119
	-1%	156	119
Amounts for 2018	1%	-185	-131
	-1%	185	131

C. Credit risk

Amounts in thousand euro

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and mainly from abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration and relation of mutual trust in the majority of cases.
It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and cash collection terms are applied, while possible security is requested when deemed necessary. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in.
No doubtful debtors exist that have not been covered by provisions for doubtful receivables.
It is also noted that the particular risk, although it exists, is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.
A potential credit risk is also inherent in the cash and cash equivalents. The particular risk may derive from a potential inability of a banking institution to fulfill its obligations against the Group. The Group applies procedures which limit its exposure to the credit risk related to each banking institution.

On December 31st 2019, the maturity of trade receivables was as follows:

Trade receivables	**GROUP**		**COMPANY**	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Up to 3 months	10,386	10,598	11,146	11,409
Between 3 and 6 months	387	458	4,839	3,722
Between 6 months and 1 year	55	74	7,227	5,939
Over 1 year	5	17	5	17
	10,833	**11,147**	**23,218**	**21,087**
Non overdue and non-impaired	9,077	9,190	8,883	9,005
Overdue and non-impaired	1,755	1,957	14,335	12,082
Total	**10,833**	**11,147**	**23,218**	**21,087**

Of the amount of 14,335 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 13,474 thousand Euros concerns receivables of the parent company from related companies.

D. Liquidity risk

The monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.
Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions in order to face any possible shortage in cash. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not materialized up until today.
However, in view of the concerns regarding the course of the global economy (e.g. the United Kingdom's exit from the European Union, the refugee crisis, the deterioration of international relations), the probability cannot be excluded that the aforementioned risk affects the Group's liquidity to a controlled degree though.

Amounts in thousand euro

The table below summarizes the maturity dates of the financial liabilities on 31 December 2019, based on the payments arising from the relevant contracts, at discounted prices.

Financial Liabilities

GROUP 2019	**up to 6 months**	**6 to 12 months**	**2 to 5 years**	**> 5 years**	**Total**
Bank Debt	2,592	1,663	9,781	1,578	15,614
Other long-term liabilities	0	0	1,633	0	1,633
Suppliers and related liabilities	14,667	604	0	0	15,271
Taxes payable	19	1,931	0	0	1,950
Total	**17,279**	**4,197**	**11,414**	**1,578**	**34,468**

GROUP 2018	**up to 6 months**	**6 to 12 months**	**2 to 5 years**	**> 5 years**	**Total**
Bank Debt	2,931	1,392	10,781	3,363	18,467
Other long-term liabilities	0	0	1,638	0	1,638
Suppliers and related liabilities	15,816	346	0	0	16,162
Taxes payable	19	2,749	0	0	2,768
Total	**18,766**	**4,487**	**12,419**	**3,363**	**39,035**

E. Risk related to the Exit of United Kingdom from the European Union

The Group operates in the United Kingdom through both the parent company and its subsidiary "FLEXOPACK TRADE AND SERVICES UK LIMITED".

Following the withdrawal of the United Kingdom from the European Union on 31/1/2020, there is a transitional period of 11 months until 31/12/2020, during which the European Union and the United Kingdom will negotiate their trade relationship, the rights of citizens, their security issues, cultural and educational relationships and more. During the transitional period, the United Kingdom will remain in the single market of the European Union, in the customs union and will participate in its budget. In case of exit without an agreement, adverse consequences are expected due to the possible activation of the customs and VAT enforcement regime and the possible change of the Euro-sterling exchange rate.

As uncertainty surrounding the Brexit process continues to exist until the closing date of 31/12/2020, and since the terms and conditions under which this will take place have not yet been fully clarified, there can be no specific assessment and quantification regarding with the risks, the impact and the possible effects of this event on the trading activity and the financial results in general of the Group and the Company.

The Group's total sales during the year 2019 in the United Kingdom amounted to 8.85 million Euros and accounted for 9.92% of the consolidated turnover.

The group's sales priced in pounds (GBP) stood at 3.91% of consolidated turnover.

Currency risk sensitivity analysis resulting from transactions in British pounds (GBP) exists in note 5A of the annual Financial Statements.

Amounts in thousand euro

F. Capital Management

The Group's objectives in relation to capital management are the smooth operation of its business activities, ensuring financing for its investment plans and the optimal allocation of capital in order to decrease the cost of capital.
For the purpose of capital management, the Group monitors the following ratio:
"Net debt to Total Employed Capital"
Net debt is calculated as total short-term and long-term interest-bearing debt minus total cash & cash equivalents.
Total employed capital is calculated as total net debt plus total equity.

For financial years ended on December 31st 2019 and 2018 respectively, the above financial ratio evolved as follows.

EUR THOUS.

	Group		Company	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Long-term debt obligations	11.359	14.143	10.645	13.073
Short-term bebt obligations	4.255	4.324	3.627	3.627
Total bank debt	**15.614**	**18.467**	**14.273**	**16.700**
Liabilities for Leases	1.183	0	636	0
Total Debt	**16.797**	**18.467**	**14.909**	**16.700**
Minus : Cash and cash equivalents	15.470	13.223	13.285	10.529
Net Debt (1)	**1.327**	**5.244**	**1.624**	**6.171**
Total Equity (2)	**74.280**	**67.741**	**77.187**	**70.332**
Total Employed Capital (1)+(2)	**75.607**	**72.985**	**78.811**	**76.502**
Net Debt / Total Employed Capital	**1,8%**	**7,2%**	**2,1%**	**8,1%**

The Group may affect its capital structure via the repayment of existing debt or the collection of new debt, via the share capital increase or capital return towards the shareholders, and also via the distribution or the non-distribution of dividends or through other money distributions.

Amounts in thousand euro

6. Notes on the Financial Statements

6.1 Tangible fixed assets

The Group's tangible fixed assets are analyzed as follows.

GROUP

Tangible fixed assets	**Plots**	**Buildings**	**Mechanical equipment**	**Vehicles, furniture and Other equipment**	**Assets under construction**	**Total**
Acquisition Cost as at January 1st 2018	5,916	13,778	52,601	3,191	11,454	86,939
Accumulated Depreciations	0	(4,281)	(33,318)	(2,000)	0	(39,600)
Book value as at January 1st 2018	**5,916**	**9,496**	**19,282**	**1,191**	**11,454**	**47,339**
Additions	1,233	1,486	7,902	446	(908)	10,159
FX differences	(35)	(122)	(304)	(25)	(37)	(522)
Transfers	0	6,930	1,894	1	(8,825)	0
Sales - Reductions	0	0	(71)	(0)	0	(72)
Depreciations of the current period	0	(617)	(2,753)	(308)	0	(3,678)
FX differences of depreciations	0	19	38	9	0	67
Depreciations of sold, written-off goods	0	0	60	0	0	60
Acquisition Cost as at December 31st 2018	7,114	22,072	62,022	3,613	1,684	96,505
Accumulated Depreciations	0	(4,879)	(35,974)	(2,299)	0	(43,151)
Book value as at December 31st 2018	**7,114**	**17,193**	**26,049**	**1,314**	**1,684**	**53,353**
Additions	20	168	4,245	299	486	5,218
FX differences on acquisition cost	18	43	124	8	(1)	191
Transfers	0	18	1,187	(51)	(1,154)	0
Sales - Reductions	0	(25)	(147)	(2)	0	(174)
Depreciations of the current period	0	(825)	(3,633)	(322)	0	(4,780)
FX differences of depreciations	0	(9)	(18)	(4)	0	(30)
Depreciations of sold, written-off goods	0	25	147	3	0	175
Acquisition Cost as at December 31st 2019	7,151	22,277	67,431	3,866	1,015	101,741
Accumulated Depreciations	0	(5,688.6)	(39,479)	(2,621)	0	(47,788)
Book value as at December 31st 2019	**7,151**	**16,589**	**27,952**	**1,245**	**1,015**	**53,952**

The Group does not possess tangible fixed assets based on leasing agreements.

The Company's tangible fixed assets are analyzed as follows.

Amounts in thousand euro

COMPANY

Tangible fixed assets	**Plots**	**Buildings**	**Mechanical equipment**	**Vehicles, furniture and Other equipment**	**Assets under construction**	**Total**
Acquisition Cost as at January 1st 2018	5,830	9,685	45,140	2,591	10,804	74,050
Accumulated Depreciations	0	(3,657)	(32,344)	(1,774)	0	(37,775)
Book value as at January 1st 2018	**5,830**	**6,028**	**12,795**	**817**	**10,804**	**36,275**
Additions	0	1,398	4,373	361	(523)	5,610
Transfers	0	6,930	1,838	1	(8,769)	0
Sales - Reductions	0	0	(5)	0	0	(5)
Depreciations of the current period	0	(406)	(2,169)	(212)	0	(2,787)
Depreciations of sold, written-off goods	0	0	4	0	0	4
Acquisition Cost as at December 31st 2018	5,830	18,013	51,345	2,953	1,513	79,655
Accumulated Depreciations	0	(4,063)	(34,510)	(1,986)	0	(40,559)
Book value as at December 2018	**5,830**	**13,950**	**16,836**	**967**	**1,513**	**39,096**
Additions	0	124	3,930	249	(3)	4,300
Transfers	0	18	718	0	(736)	0
Sales - Reductions	0	0	(3)	0	0	(3)
Depreciations of the current period	0	(614)	(2,689)	(219)	0	(3,521)
Depreciations of sold, written-off goods	0	0	3	0	0	3
Acquisition Cost as at December 31st 2019	5,830	18,156	55,990	3,202	773	83,951
Accumulated Depreciations	0	(4,677)	(37,195)	(2,205)	0	(44,077)
Book value as at December 31st 2019	**5,830**	**13,479**	**18,795**	**997**	**773**	**39,874**

6.2 Goodwill

Gross book value at December 31st 2017	252
Cumulative impairment loss	0
Net book value at December 31st 2017	**252**
Gross book value at December 31st 2018	252
Cumulative impairment loss	0
Net book value at December 31st 2018	**252**
Gross book value at December 31st 2019	252
Cumulative impairment loss	0
Net book value at December 31st 2019	**252**

The amount of goodwill refers to the acquisition of the Polish company FLEXOPACK POLSKA Sp. z.o.o.

Impairment Review of Goodwill

For purposes of reviewing goodwill for possible impairment on 31/12/2019, the aforementioned subsidiary constitutes an individual cash flow generating unit. As regards to goodwill recognized from the acquisition of FLEXOPACK POLAND Sp. z.o.o., the recoverable amount of such was calculated based on the "value in use", discounting its future cash flows.

Amounts in thousand euro

The definition of the subsidiary's future cash flows took place by well-founded estimations of management for the level of the subsidiary's future profitability and by evaluating current market conditions. The basic assumptions regarding the estimation of the subsidiary's value, are as follows:

Discount rate 8.26%
Average growth of turnover in the next five years 6.86%
Growth rate after five-years 1.00%
According to the impairment review on 31/12/2019 no impairment losses emerged for the above goodwill.

6.3 Intangible assets

The Group's and Company's intangible assets are analyzed as follows:

Intangible Assets	GROUP			COMPANY		
	Software	Other intangibles	Total	Software	Other intangibles	Total
Acquisition Cost as at January 1st 2018	1,353	2,302	3,654	1,352	2,302	3,653
minus: Accumulated Amortization	(795)	(1,070)	(1,865)	(794)	(1,070)	(1,864)
Book value as at January 1st 2018	**558**	**1,231**	**1,789**	**558**	**1,231**	**1,789**
Additions	90	161	251	90	161	251
Amortization during the period	(113)	(176)	(289)	(113)	(176)	(289)
Acquisition Cost as at December 31st 2018	1,443	2,462	3,905	1,442	2,462	3,904
minus: Accumulated Amortization	(908)	(1,246)	(2,154)	(907)	(1,246)	(2,153)
Book value as at December 31st 2018	**535**	**1,216**	**1,751**	**535**	**1,216**	**1,751**
Additions	209	225	433	209	225	433
Amortization during the period	(144)	(174)	(317)	(144)	(174)	(317)
Acquisition Cost as at December 31st 2019	1,652	2,687	4,339	1,651	2,687	4,338
minus: Accumulated Amortization	(1,052)	(1,420)	(2,471)	(1,051)	(1,420)	(2,470)
Book value as at December 31st 2019	**600**	**1,267**	**1,867**	**600**	**1,267**	**1,867**

Other intangible assets include know-how use rights, costs incurred for the development of trading names and mainly costs for the establishment of patents on different applications of multiple layer packing films abroad. They also include cost for the development of new products with a book value of 48 thousand euro as of 31/12/2019.

6.4 Participations in Subsidiaries

In the parent financial statements, investments in subsidiaries are valued at acquisition cost.
The movement of investments is analyzed as follows.

Amounts in thousand euro

	COMPANY	
	31/12/2019	**31/12/2018**
Opening balance	**11,717**	**10,249**
Share capital increase in FLEXOPACK POLSKA Sp. Zo.o	0	1,118
Share capital increase in FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	0	350
Closing balance	**11,717**	**11,717**

Condensed Financial information on subsidiary companies

		COMPANY	
		31/12/2019	**31/12/2018**
	Country	**Establishment - Acquisition Cost**	
Direct participation			
FLEXOPACK POLSKA Sp. Zo.o	Poland	6,847	6,847
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	70
FLEXOPACK INTERNATIONAL LIMITED	Cyprus	4,800	4,800
		11,717	11,717
Indirect participation			
FLEXOPACK PTY LTD	Australia	2,813	2,813
FLEXOPACK TRADE AND SERVICES UK LIMITED	England	200	200
FLEXOPACK PROPERTIES PTY LTD	Australia	1,383	1,383
FLEXOPACK FRANCE	FRANCE	250	50

The subsidiary companies FLEXOPACK PTY LTD, FLEXOPACK TRADE AND SERVICES UK LIMITED, FLEXOPACK PROPERTIES PTY LTD and FLEXOPACKFRANCE are fully controlled by the Cypriot subsidiary company FLEXOPACK INTERNATIONAL LIMITED which is fully owned (100%) by the parent company FLEXOPACK PLASTICS AEBE.
The subsidiary company FLEXOPACK NZ LIMITED is fully controlled by FLEXOPACK PTY LTD.

6.5 Participations in associate companies

Participations of the Company in associate companies are analyzed as follows.

	GROUP		COMPANY	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
INOVA SA	1,811	1,663	1,199	1,199
VLACHOS BROS S.A.	2,348	1,933	1,000	1,000
	4,159	**3,596**	**2,199**	**2,199**

The movement of investments in associate companies is as follows:

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Opening balance	**3,596**	**3,035**	**2,199**	**2,199**
Proportion in profit/loss (after taxes)	563	560	0	0
Closing balance	**4,159**	**3,596**	**2,199**	**2,199**

Condensed Financial information on associate companies:

	Domicile	Acquisition Cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
YEAR 2019							
INOVA SA	Ελλάδα	1,199	6,957	3,335	5,999	399	297
VLACHOS BROS S.A.	Ελλάδα	1,000	16,585	11,590	20,326	1,187	870
YEAR 2018							
INOVA SA	Ελλάδα	1,199	6,152	2,827	5,464	230	128
VLACHOS BROS S.A.	Ελλάδα	1,000	15,070	11,019	21,364	1,336	1,040

6.6 Other long-term receivables

The Group’s and Company’s other long-term receivables are analyzed as follows:

	GROUP		COMPANY	
Other Long-term Receivables	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Guarantees given to PPC	0	71	0	71
Other given Guarantees	49	47	49	47
Long-term loan to subsidiary	0	0	0	100
Other Long-term Receivables	5	103	0	100
Total	**55**	**222**	**49**	**319**

6.7 Inventories

The inventories of the Group and the Company are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
Inventories	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Raw Materials	10,074	11,122	7,068	8,152
Consumables	155	149	135	132
Spare parts & packaging items	810	805	677	750
Products & other inventory	7,738	7,987	3,748	4,699
Total	18,777	20,062	11,628	13,733
Provisions for impairment	(262)	(186)	(186)	(186)
Total	**18,515**	**19,876**	**11,442**	**13,547**

6.8 Trade receivables

The Group's and Company's customers and other trade receivables are analyzed as follows:

Trade receivables	GROUP		COMPANY	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Customers (open account)	9,849	10,101	5,014	5,806
Receivables from associates	990	930	18,031	15,067
Checks Receivable	231	272	231	272
Impairment provisions	(149)	(68)	0	0
Provision for credit risk	(87)	(87)	(58)	(58)
Total	**10,833**	**11,147**	**23,218**	**21,087**

As of 31 December 2019, the maturity of trade receivables was as follows:

Trade receivables	GROUP		COMPANY	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Up to 3 months	10,386	10,598	11,146	11,409
3 - 6 months	387	458	4,839	3,722
6 months - 1 year	55	74	7,227	5,939
Over 1 year	5	17	5	17
Total	**10,833**	**11,147**	**23,218**	**21,087**
Non overdue and non impaired	9,077	9,190	8,883	9,005
Overdue and non impaired	1,755	1,957	14,335	12,082
Total	**10,833**	**11,147**	**23,218**	**21,087**

Of the amount of 14,335 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 13,474 thousand Euros concerns receivables of the parent company from related companies.

6.9 Other receivables

The Group's and Company's other receivables are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
Other receivables	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Receivables from the Greek State for income taxes	2,391	3,007	2,391	3,007
Receivables from the Greek State for V.A.T.	55	416	55	416
Receivables for other taxes	277	83	60	83
Purchases of inventory under receipt	3,212	2,492	1,448	1,112
Discounts on purchases under settlement	684	556	587	475
Deferred expenses	284	322	153	192
Prepayments and loans to employees	54	51	34	31
Short-term loans to subsidiaries	0	0	1,800	1,800
Sundry Debtors	63	32	16	16
Total	**7,020**	**6,958**	**6,545**	**7,132**

6.10 Cash & cash equivalents

Cash and cash equivalents refer to the Group's and Company's cash in hand and to short-term bank deposits and term deposits held at call with banks.

The Group's and Company's cash and cash equivalents are as follows:

	GROUP		COMPANY	
Cash and cash equivalents	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Cash in hand and at banks	15,470	13,223	13,285	10,529
Total	**15,470**	**13,223**	**13,285**	**10,529**

6.11 Equity

i) Share Capital and Share Premium

	Share Capital	Share premium	Treasury Shares	Total
31/12/2019	6,329	3,316	0	**9,644**
31/12/2018	6,329	4,019	0	**10,348**

The Company's share capital consists of 11,720,024 common fully paid-up shares, with a nominal value of € 0.54 each. The total share capital amounts to € 6,328,812.96.

The share premium reserve of the Company derived from the issuance of shares paid for cash at a value higher than their nominal value.

The Annual Ordinary General Meeting of Shareholders held on 28 June 2019 decided, inter alia:

Amounts in thousand euro

(a) the increase of the share capital of the Company by the amount of 703,201.44 Euro, by capitalization of part of the reserve "share premium" and an increase of the nominal value of each share of the Company by the amount of 0,06 Euros , i.e. from 0.54 Euro to 0.60 Euros and

(b) the reduction of the share capital of the Company by the amount of 703,201.44 Euro, with a corresponding decrease of the nominal value of each share of the Company by the amount of 0.06 Euros, i.e. from 0.60 Euro to 0.54 Euros; and the return-payment of the corresponding amount to the shareholders of the Company.

After the aforementioned increase and simultaneous decrease of the share capital of the Company with corresponding increase and equal reduction of the nominal value of each share, the Company's share capital amounts to € 6,328,812.96, is fully paid up and is divided into 11,720,024 common registered shares of nominal value 0.54 Euros each.

ii) Reserves

The Group's and Company's reserves are analyzed as follows:

Reserves	**GROUP**		**COMPANY**	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Statutory reserve	**3,372**	**2,992**	**3,372**	**2,992**
Specially taxed reserves	**13,454**	**13,247**	**13,454**	**13,247**
Other reserves analyzed as follows:				
Tax-exempt reserves of L. 1828/89	876	876	876	876
Tax-exempt reserves of L. 3220/2004	321	321	321	321
Reserves from specially taxed income	33	33	33	33
Other reserves	217	156	104	43
Total other reserves	**1,448**	**1,387**	**1,336**	**1,274**
Reserve from FX differences	**(246)**	**(333)**	**0**	**0**
Grand total	**18,028**	**17,292**	**18,161**	**17,513**

1. Statutory reserve:

According to Greek corporate law, companies are obliged to create 5% of the period's earnings as an statutory reserve until such reaches one third of the paid up share capital. During the Company's life the statutory reserve cannot be distributed.

2. Special taxed reserves:

Special taxed reserves of the Parent Company were created to cover its own participation in the context of implementing investment plans, according to the provisions of several development laws.

The Group's Management does not intend to capitalize or distribute such reserves and thus has not recognized a relevant deferred tax liability.

3. Other reserves

Other reserves include tax-exempt reserves and reserves taxed under special provision and are analyzed as follows.

-Tax-exempt reserves according to L. 1828/89, L. 3220/2004 and L. 3908/2011

Such reserves have been created according to the provisions of tax law and are capitalized, with the payment of income tax.

-Tax-exempt reserves or reserves taxed according to special laws

Amounts in thousand euro

Such reserves concern interest income that was either not taxed or on which tax has been withheld at the source. According to Greek tax law, these reserves are exempt from income tax, with the condition that they will not be distributed to shareholders.

The Company does not intend to distribute the above reserves and thus it has not recognized a deferred tax liability for the income tax that will be rendered payable in case of distribution.

4. Reserve for foreign exchange differences:

This reserve is used to register foreign exchange differences from the translation of financial statements of foreign subsidiaries.

The movement of the Group's and Company's reserves is as follows:

GROUP

	Statutory reserve	Specially taxed reserves	Other reserves	FX differences from consolidation	Total
Balance as at January 1st 2018	**2,627**	**12,994**	**1,387**	**(59)**	**16,948**
Formation of reserves from net earnings of the period	365	0	0	0	365
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	253	0	0	253
FX differences due to consolidation of subsidiaries abroad	0	0	0	(274)	(274)
Balance as at December 31st 2018	**2,992**	**13,247**	**1,387**	**(333)**	**17,292**
Formation of reserves from net earnings of the period	380	0	0	0	380
Formation of tax free reserve Law 3908/2011	0	0	62	0	62
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	207	0	0	207
FX differences due to consolidation of subsidiaries abroad	0	0	0	87	87
Balance as at December 31st 2019	**3,372**	**13,454**	**1,448.30**	**(246)**	**18,028**

COMPANY

	Statutory reserve	Specially taxed reserves	Other reserves	Total
Balance as at January 1st 2018	**2,627**	**12,994**	**1,274**	**16,895**
Formation of reserves from net earnings of the period	365	0	0	365
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	253	0	253
Balance as at December 31st 2018	**2,992**	**13,247**	**1,274**	**17,513**
Formation of reserves from net earnings of the period	380	0	0	380
Formation of tax free reserve Law 3908/2011	0	0	62	62
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	207	0	207
Balance as at December 31st 2019	**3,372**	**13,454**	**1,336**	**18,161**

iii) Retained earnings

Amounts in thousand euro

Retained earnings	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Balance as at January 1st	**40,101**	**33,714**	**42,472**	**35,554**
Change in accounting policy (IFRS 9)	0	(65)	0	(41)
Restated balance as at 1/1/2018	**40,101**	**33,649**	**42,472**	**35,513**
Net Results for the period	7,195	7,096	7,598	7,602
Revaluation of earnings-(losses) from defined benefit plans	(40)	(26)	(40)	(26)
Transfers to reserves	(442)	(365)	(442)	(365)
Transfer of amortization of grants of L. 3299/04 to reserves	(207)	(253)	(207)	(253)
Balance as at January 1st	**46,607**	**40,101**	**49,381**	**42,472**

6.12 Deferred tax assets and liabilities

The calculation of deferred tax assets and liabilities is conducted at the individual Group company level and to the extent where receivables and liabilities arise, such are offset between each other (at the level of each individual company).

The deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when the deferred income taxes refer to the same tax authority.

The Group's and the Company's deferred tax assets and liabilities result from the following items:

GROUP	Deferred tax liabilities/assets		Deferred tax	
	Statement of Financial Position		Income statement	
	31/12/2019	31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Deferred tax assets				
Provision for staff indemnities	283	258	25	(8)
Trade receivables	14	0	14	0
Other provisions	84	155	(71)	(29)
Tax loss of subsidiary	13	33	(20)	(124)
Change in accounting policy (IFRS 9)	20	0	20	(22)
Other	2	0	2	0
	415	**445**	**(31)**	**(183)**
Deferred tax liabilities				
Intangible assets	(181)	(197)	15	20
Tangible assets	(1,977)	(2,215)	238	422
Other	(24)	0	(24)	0
	(2,182)	**(2,412)**	**230**	**441**
Net deferred tax liabilities	**(1,767)**	**(1,966)**		
Net charge of deferred tax on the results			**199**	**258**
Deferred tax recognized in the results			186	250
Deferred tax recognized in the other comprehensive income			13	9
Total			**199**	**259**

Amounts in thousand euro

COMPANY	Deferred tax liabilities/assets		Deferred tax	
	Statement of Financial Position		Income statement	
	31/12/2019	31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Deferred tax assets				
Provision for staff indemnities	254	238	16	(10)
Trade receivables	0	0	0	0
Other provisions	54	57	(3)	7
Φορολογική ζημία θυγατρικών	0	0	0	0
Change in accounting policy (IFRS 9)	14	15	(1)	(17)
Other	1	0	1	0
	323	**310**	**13**	**(20)**
Deferred tax liabilities				
Intangible assets	(181)	(197)	15	20
Tangible assets	(1,802)	(2,059)	256	465
Other	(13)	0	(13)	0
	(1,997)	**(2,255)**	**258**	**485**
Net deferred tax liabilities	**(1,674)**	**(1,945)**		
Net charge of deferred tax on the results			**271**	**465**
Deferred tax recognized in the results			258	456
Deferred tax recognized in the other comprehensive income			13	9
Total			**271**	**465**

6.13 Provision for staff indemnities due to retirement

The Group and Company recognize the liability for staff retirement indemnities as the present value of the legal commitment for the payment of staff retirement lump sum.

The actuarial valuation of the liabilities has been carried out on the basis of the current legislation, as it derives from L.2112 / 1920 and L.3026 / 1954 and as they were amended by L.4093 / 2012, L.4336 / 2015 and L.4194 / 2013.
The Company has not activated any special benefits program for employees other than those arising from the above legislation, which is committed to benefits in cases of retirement for all employees.
The valuation of the liabilities is being performed in order to capture the following:
a) The obligation of the company, when an employee has provided a service in exchange for benefits to be paid in the future and
b) The expense of the financial period, when the company consumes the financial benefits arising from the service provided by an employee in exchange for the payment of benefits.

Based on the current legislation (L.2112 / 1920, L.4093 / 2012, L.4336 / 2015 and L.3026 / 1954, L.4194 / 2013) the benefit received by the employees concerns exclusively and only the amount of one-time compensation and is given in case of normal retirement.
The amount of the benefit depends on the years of service and the amount of the salary. In the event of exit due to retirement, the amount of compensation to be paid is equal to 40% of the pensionable salary and varies depending on the years of service of each employee.
The relevant liability was calculated after an actuarial study on 31/12/2019 and was analyzed as follows:

Amounts in thousand euro

Employee benefits due to retirement from service	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Balance at beginning	**935**	**854**	**935**	**854**
Debits - (credits) in the results	68	47	68	47
Debits - (credits) in the statement of total comprehensive income	53	34	53	34
Balance at end	**1,056**	**935**	**1,056**	**935**

The main actuarial assumptions used are the following:

	31/12/2019	31/12/2018
Discount rate	1.15%	1.6%
Future salary increases	2.0%	2.0%
Inflation	1.5%	1.5%

Amounts in thousand euro

Changes in the liability of balance sheet	31/12/2019	31/12/2018
Net Liability to be recorded in the balance sheet at the start of year	934.855	853.601
Contributions paid by the Employer	-	-
Expense to be recorded in the statement of results	68.224	52.788
Benefits paid within the current year from the Employer	(14.805)	(5.939)
Amount recorded in OCI	68.079	34.405
Cost of personnel transfer	-	-
Net Liability to be recorded in the balance sheet at year end	**1.056.353**	**934.855**
Changes in the present value of the liability		
Present value of the liability at the start of the year	934.855	853.601
Interest expense	14.958	14.511
Cost of current service	47.595	35.171
Contributions from Employees	-	-
Prior service cost	-	-
Cost (result) of Settlements / Curtailment / Special Cases	5.671	3.106
Benefits paid within the current year	(14.805)	(5.939)
Expenses	-	-
Actuarial (gain) loss in the liability	68.079	34.405
Present value of the liability at the end of the year	**1.056.353**	**934.855**
Amounts recorded in the Balance Sheet and the Statement of Income, and relevant analysis		
Balance Sheet for the year		
Present value of the liability at the end of the year	1.056.353	934.855
Actual value of the plan's assets at the end of the year	-	-
Net Liability to be recorded in the balance sheet at the end of the year	**1.056.353**	**934.855**
Statement of Results at the end of the year		
Cost of current service	47.595	35.171
Interest expense	14.958	14.511
Expected return on the plan's assets	-	-
Prior service cost	-	-
Cost (result) of Settlements / Curtailment / Special Cases	5.671	3.106
Expense to be recorded in the Statement of Income	**68.224**	**52.788**
Other Comprehensive Income (OCI)		
Amount recorded in OCI	*68.079*	*34.405*
Actuarial (gain) loss on the liability due to financial assumptions	51.258	15.538
Actuarial (gain) loss on the liability due to demographics	-	-
Actuarial (gain) loss on the liability due to evidence	16.821	18.867
Cumulative Amount recorded in OCI	**196.839**	**128.760**

Amounts in thousand euro

6.14 Government grants

The Group has received grants that relate to fixed assets and are provided from governmental entities in order to purchase fixed assets for long-term exploitation.

The Group registers the effect from the acceptance of government grants for fixed assets according to IAS 20, as deferred income in the category of long-term liabilities. The transfer of grants to the results of each period is conducted with the straight line method according to the expected useful lives of the respective fixed assets which they finance.

At the Group and Company level, the grants are analyzed as follows:

Government grants	**GROUP**		**COMPANY**	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Opening balance	300	553	300	553
Additions	0	0	0	0
Amortization on income	(207)	(253)	(207)	(253)
Total	**93**	**300**	**93**	**300**

6.15 Long-term and short-term loans

The Group's long-term bank loans are in Euro.

The Group's total long-term debt is under floating interest rates based on 3-month Euribor and fixed interest margins.

The Group's short-term debt is also under floating interest rates based on Euribor plus a margin, apart from an amount of 270 thousand Euros (based on the exchange rate of 31/12/2019) which is denominated in Polish Zloty (PLN).

The amounts of the long-term loans which are payable within a year starting from the balance sheet date are recorded as short-term liabilities, whereas the amounts payable at a later stage, are recorded as long-term ones.

The Group does not possess any loans value at fair. The book values of the Group's loans are estimated to approach their fair value and therefore the discount which would be used for the determination of the fair value is almost equivalent to the interest rates charged to the Group.

Long-term and short-term liabilities from the Group's and Company's loans are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Long-term debt				
Common bond loans	13,073	15,500	13,073	15,500
Long-term Bank Debt	1,072	1,428	0	0
	14,145	**16,928**	**13,073**	**15,500**
Minus part of bond loans payable in the next period	2,428	2,427	2,428	2,427
Minus part of long-term bank debt payable in the next period	357	358	0	0
Total long-term debt	**11,360**	**14,143**	**10,645**	**13,073**
Short-term debt				
Bank debt	1,391	1,448	1,200	1,200
Factoring	79	91	0	0
Short-term portion of bond loans	2,428	2,427	2,428	2,427
Short-term portion of long-term bank debt	357	358	0	0
Total short-term debt	**4,255**	**4,324**	**3,628**	**3,627**
Total debt	**15,615**	**18,467**	**14,273**	**16,700**
Maturities of long-term debt				
Up to 1 year	2,785	2,784	2,428	2,427
2 - 5 years	9,782	10,781	9,068	9,710
Over 5 years	1,578	3,363	1,578	3,363
Total	**14,145**	**16,928**	**13,073**	**15,500**
Weighted average interest rate charged on the results	3.40%	3.89%	3.26%	3.90%

The ordinary bond loans, which also carry no collateral, of the Company are the following:

A) On December 21st, 2018, the Company signed a Common, Paper, Bond Loan Coverage Agreement through Private Placement, in accordance with the provisions of Law 3156/2003 and Cod. Law 2190/1920, of a total nominal value of Euro 6,000,000, with the coverage of it by the Banking Company, under the name "NATIONAL BANK OF GREECE SA". Attorney-at-law for payments and Representative of the Bondholders was designated "NATIONAL BANK OF GREECE SA".
The proceeds of this non-commercially secured Common Bond Loan were used by the Company for the refinancing of existing loans, namely the Bond Loan issued on 26.09.2016 amounting to € 2,500,000 issued by the Company as well as short-term loan amounting to € 1,500,000 , and to cover general business purposes and needs.

Amounts in thousand euro

B) On the 24th of December 2018, the Company signed a Common, Paper, Bond Loan Coverage Agreement through Private Placement, in accordance with the provisions of Law 3156/2003 and Cod. Law 2190/1920, with a total nominal value of Euro 5,000,000 and covered by the Banking Company under the name "EUROBANK ERGASIAS SA". Attorney-at-law for payments and Representative of the Bondholders was designated "EUROBANK ERGASIAS SA".
The proceeds of this non-secured Common Bond Loan were used by the Company, on one hand, by the amount of 3.250.000 Euros, for the refinancing of existing bank loans and, in particular, for the repayment of a Bond Issuance of the Company with a balance of 2.250.000 Euros, as well as for a short-term loan amounting to Euro 1,000,000 and, on the other hand, by the amount of 1,750,000 Euros, in order to cover its working capital needs.

C) The Company on 27th January 2017, in continuation of the decision of the extraordinary General Meeting of its shareholders held on 10th January 2017, signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 6,000,000 million Euros and duration of seven (7) years. The banking companies under the names «ALPHA BANK SOCIETE ANONYME» and «ALPHA BANK LONDON LTD» covered the above mentioned bond loan by 99.98% and 0.02% respectively.
The objective of the above Bond Loan was the early and full repayment of the balance of two issued common bond loans of the Company in both of which "ALPHA BANK SOCIETE ANONYME" was the counterparty bond lender, as well as the expansion of the Company's investment plan.
The Company has the right to proceed with an early repayment of the existing aforementioned common bond loans without penalty or other cost.
The terms of the above bond loans include the obligation to preserve specific ratios of (a) total debt to equity, and (b) earnings before interest, taxes, depreciation and amortization (EBITDA) to debit interest and (c) total net debt to EBITDA.
The subsidiary company «FLEXOPACK POLSKA Sp. Zo.o» has signed an agreement with a banking institution based in Poland since the year 2015 concerning a long-term loan of 2.5 million Euros in order to finance its investment program. The balance of the remaining loan as of 31/12/2019 amounted to 1.072 million Euros.

6.15.1 Other long-term liabilities

	GROUP		COMPANY	
Other long-term liabilities	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Suppliers of fixed assets	1,633	1,638	1,030	513
	1,633	**1,638**	**1,030**	**513**

Amounts in thousand euro

6.16 Other Provisions

Other Provisions	GROUP	COMPANY
January 1st 2018	**386**	**238**
Additional provisions for the year	17	0
December 31st 2018	**403**	**238**
Additional provisions for the year	50	0
December 31st 2019	**453**	**238**
Analysis of provisions		
Provision for other taxes	235	235
Other provisions	218	4
Total	**453**	**238**
Analysis of additional provisions for the year		
Other provisions	50	0
Total	**50**	**0**

6.17 Suppliers and other liabilities

The Group's and Company's balances for the suppliers' and other related liabilities accounts are analyzed as follows:

	GROUP		COMPANY	
Suppliers and related Liabilities	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Suppliers	12,632	13,454	9,817	10,449
Liabilities to associates	59	59	1,139	1,361
Checks payable	33	157	33	157
Customer prepayments	85	36	85	36
Sundry creditors	78	38	45	27
Payable employee remuneration	509	506	358	379
Accrued expenses	398	462	388	341
Purchases under settlement	161	240	25	54
Social Security Funds	432	435	432	435
Other taxes, other than income tax	885	773	387	426
Total	**15,271**	**16,161**	**12,708**	**13,665**

Amounts in thousand euro

6.18 Liabilities from income tax

	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Income Tax	2,475	3,028	2,455	3,009
Difference of income tax prepayment	(525)	(259)	(525)	(259)
	1,950	**2,768**	**1,931**	**2,749**

The income tax is paid via six (6) equivalent monthly installments within the same financial year. The first payment is made with the submission of the tax statement at, the latest, the last day of the sixth month following the end of the taxed year.

6.19 Turnover

The Group’s and Company’s turnover is analyzed as follows:

	GROUP		COMPANY	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Income from sale of merchandise	9,984	9,527	8,319	7,806
Income from sale of products	76,461	72,190	66,375	61,957
Income from sale of other inventories	982	747	422	334
Income from provision of services	1,850	2,029	2,145	2,328
	89,277	**84,492**	**77,260**	**72,424**

6.20 Analysis of Expenses per category

The analysis of the Group’s expenses per category is as follows:

Amounts in thousand euro

GROUP	1/1-31/12/2019					1/1-31/12/2018				
Expense per Category	**Cost of Goods Sold**	**Distri-bution Expenses**	**R&D Expenses**	**Admin-istrative Expenses**	**Total**	**Cost of Goods Sold**	**Distri-bution Expenses**	**R&D Expenses**	**Admin-istrative Expenses**	**Total**
Remuneration & other employee benefits	8,746	1,383	294	2,847	**13,270**	8,143	1,086	317	2,561	**12,107**
Third party fees & expenses	502	873	8	482	**1,867**	404	710	12	570	**1,696**
Third party benefits (energy, insurance, maintenance etc.)	5,547	324	32	278	**6,181**	4,881	419	46	356	**5,702**
Taxes - Duties	53	7	1	129	**190**	45	9	1	219	**275**
Various expenses (transport, export expenses, etc.)	1,457	3,962	201	387	**6,007**	1,075	3,538	170	258	**5,040**
Depreciations of fixed assets	4,589	86	40	65	**4,780**	3,511	77	34	57	**3,678**
Amortization of intangible assets	80	39	158	40	**317**	60	38	156	35	**289**
Amortization of rights-of-use	243	138	5	115	**501**	0	0	0	0	**0**
Provision for staff indemnity	0	7	0	61	**68**	9	5	0	33	**47**
Cost of inventories recognized as an expense	46,645	0	691	0	**47,336**	45,639	0	353	0	**45,992**
Total	67,862	6,819	1,431	4,405	**80,517**	63,767	5,881	1,089	4,088	**74,825**
Own-production of assets	(108)	0	0	0	**(108)**	(320)	0	0	0	**(320)**
Total	**67,754**	**6,819**	**1,431**	**4,405**	**80,410**	**63,447**	**5,881**	**1,089**	**4,088**	**74,505**

The analysis of the Company's expenses per category is the following:

COMPANY	1/1-31/12/2019					1/1-31/12/2018				
Expense per Category	**Cost of Goods Sold**	**Distri-bution Expenses**	**R&D Expenses**	**Admin-istrative Expenses**	**Total**	**Cost of Goods Sold**	**Distri-bution Expenses**	**R&D Expenses**	**Admin-istrative Expenses**	**Total**
Remuneration & other employee benefits	6,507	677	294	2,280	**9,758**	6,113	606	317	2,060	**9,096**
Third party fees & expenses	283	586	8	224	**1,101**	221	508	12	320	**1,062**
Third party benefits (energy, insurance, maintenance etc.)	4,393	207	32	224	**4,856**	3,763	326	46	273	**4,407**
Taxes - Duties	53	6	1	52	**112**	45	9	1	86	**141**
Various expenses (transport, export expenses, etc.)	891	2,412	201	361	**3,865**	538	2,180	170	307	**3,194**
Depreciations of fixed assets	3,355	75	40	52	**3,521**	2,649	63	34	41	**2,787**
Amortization of intangible assets	80	39	158	40	**317**	60	38	156	35	**289**
Amortization of rights-of-use	38	101	5	98	**242**	0	0	0	0	**0**
Provision for staff indemnity	0	7	0	61	**68**	9	5	0	33	**47**
Cost of inventories recognized as an expense	43,223	0	416	0	**43,639**	41,212	0	322	0	**41,534**
Total	58,823	4,109	1,156	3,393	**67,481**	54,611	3,734	1,058	3,154	**62,557**
Own-production of assets	(108)	0	0	0	(108)	(303)	0	0	0	**(303)**
Total	**58,715**	**4,109**	**1,156**	**3,393**	**67,373**	**54,308**	**3,734**	**1,058**	**3,154**	**62,254**

6.21 Employee Benefits

The Group's and Company's employee benefits are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
Employee benefits	**1/1-31/12/2019**	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Wages and daily wages and benefits	9,295	8,479	6,353	5,929
Social security expenses	1,874	1,689	1,562	1,460
End of service indemnities	15	6	15	6
Other employee benefits	347	305	89	73
Total	**11,531**	**10,479**	**8,019**	**7,468**

	GROUP		COMPANY	
Benefits towards Management	**1/1-31/12/2019**	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Remuneration of Board of Directors	1,739	1,628	1,739	1,628
Other benefits of Board of Directors	111	105	111	105
Total	**1,850**	**1,733**	**1,850**	**1,733**
Fees and benefits of executive BoD members	1,227	1,187	1,227	1,187
Fees and benefits of non-executive BoD members	623	546	623	546
Total	**1,850**	**1,733**	**1,850**	**1,733**

Employed staff as at 31/12/19. Group 407 individuals. Company 288 individuals.
Employed staff as at 31/12/18. Group 375 individuals. Company 271 individuals.

6.22 Other Operating Income and Expenses

The Group's and Company's other operating income and expenses are analyzed as follows:

	GROUP		COMPANY	
Other income	**1/1-31/12/2019**	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Amortization of received grants	207	253	207	253
Income from provision of services to affiliated companies	0	0	135	207
Various indemnities	316	0	109	0
Profit from sale of fixed assets	61	76	0	1
Other income from previous years	70	75	0	5
Various grants	0	3	0	0
Other income	52	276	23	139
Total	**705**	**683**	**475**	**605**
Other expenses				
Provisions for doubtful customers	89	0	0	0
Provisions for inventory impairment	75	0	0	0
Other expenses from previous years	21	17	138	17
Other expenses	123	93	107	92
Total	**309**	**110**	**245**	**109**

Amounts in thousand euro

6.23 Financial Income and Expenses

The Group's and Company's financial income and expenses are analyzed as follows:

	GROUP		COMPANY	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Financial income				
Bank interest of related companies	0	0	81	18
Other financial income	0	2	0	1
	0	**2**	**81**	**19**
Financial expenses				
Interest and expenses of bank loans	541	599	503	541
Interest expenses from Leases (IFRS 16)	37	0	34	0
Other bank expenses	101	81	60	63
	679	**680**	**597**	**604**

6.24 Other Financial Results

The Group's and Company's financial results are analyzed as follows:

	GROUP		COMPANY	
Other Financial Results	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Foreign exchange differences realized - profit	428	361	138	100
Foreign exchange differences realized - (losses)	(260)	(608)	0	0
Foreign exchange differences from valuation of receivables and liabilities in foreign currency (losses) / profit	169	(323)	56	(33)
	337	**(570)**	**194**	**67**

The basic foreign exchange rates as of 31/12/2019 are the following:

Exchange rates versus Euro	31/12/2019	31/12/2018
US dollar (USD)	1.1234	1.1450
Polish zloty (PLN)	4.2568	4.3014
Australian dollar (AUD)	1.5995	1.6220
Pound sterling (GBP)	0.85080	0.89453

Amounts in thousand euro

6.25 Income Tax

The income tax of the Group and the Company is analyzed as follows:

Income Tax	GROUP		COMPANY	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Income Tax	2,476	3,032	2,455	3,009
Deferred tax (Note 6.12)	(186)	(250)	(258)	(456)
Other taxes on earnings from previous years	0	(6)	0	(6)
Total income tax	**2,290**	**2,776**	**2,197**	**2,546**

Following, an analysis and reconciliation of the nominal and effective tax rate is presented.

	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Earnings before taxes (IFRS)	9,485	9,872	9,795	10,148
Tax Rate	24%	29%	24%	29%
Income tax based on effective tax rate	2,276	2,863	2,351	2,943
Tax corresponding to:				
Tax free income	(50)	(73)	(50)	(73)
Subsidiaries' loss for which no deferred tax was recognized	377	566	0	0
Proportion of Results by associate companies	(135)	(162)	0	0
Non deductible expenses	48	2	69	16
Adjustment of deferred due to the change in tax rate	(112)	(272)	(112)	(272)
Results of subsidiaries taxed with a different tax rate	(89)	(56)	0	0
Elimination of intra-company profit	35	(24)	0	0
Tax exemption Law 3908/2011	(62)	(62)	(62)	(62)
Other taxes and differences from previous years	0	(6)	0	(6)
Tax expense in the income statement	**2,290**	**2,776**	**2,197**	**2,546**
Weighted tax rate	24.14%	28.12%	22.43%	25.09%

The income tax for the fiscal year 2019 has been calculated at a tax rate of 24%. The corresponding rate for the fiscal year 2018 was 29%. The reduction of the tax rate by five percentage points was enacted with article 22 of law 4646/2019 (Government Gazette A '201 / 12-12-2019) and is valid from the publication of the law in the Government Gazette.
The calculation of deferred taxes was implemented with the new tax rate and this adjustment resulted in a reduction of the deferred tax of the Group and the Company by 111 thousand Euros which was included in the income tax of the statement of income and was fully recorded to the results of the fiscal year 2019.

It is noted that the effective final tax rate differs from the nominal.
There are several factors influencing the effective tax rate, the most important of which is the non-tax deduction of certain expenses, the differences in depreciation rates between the useful lives of the fixed assets and the rates set in the income tax and the possibility of tax-free rebates and tax- reserves.

Amounts in thousand euro

The Company in fiscal year 2019 used a tax exemption of Law 3908/2011 amounting to € 62 thousand. More specifically, on 28/12/2018, was published the Decision No. 141471 / YPE / 6/0003 / C / N.3908 / 2011 decision of completion of the Minister of Economy and Development concerning the investment of the company that had been subject in 2011 to the provisions of the Law .3908 / 2011 in the General Business category. The total benefit for the company amounts to € 308,195.72 and is granted in the form of the tax exemption, which will be distributed equally over 5 years.

6.26 Contingent Receivables - Liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the probability of outflow of resources that incorporate financial benefits is minimal.

6.26.1 Information regarding assumed liabilities

	GROUP		COMPANY	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Letters of bank guarantees to third parties for the account of subsidiaries	2,888	2,888	2,888	2,888
Letters of bank guarantees as insurance for liabilities	1,931	2,343	1,931	2,343
	4,819	**5,231**	**4,819**	**5,231**

There are no litigious claims or differences under dispute of the Company or its subsidiaries as well as decisions by courts or arbitration bodies that could have a significant impact on the Company's and Group's financial position or operation.

6.26.2 Tax un-audited financial years

FLEXOPACK A.E.B.E.	2013-2019
FLEXOPACK POLSKA Sp. Zo.o	2013-2019
FLEXOSYSTEMS Ltd Belgrade	2013-2019
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	2014-2019
FLEXOPACK PTY LTD	2014-2019
FLEXOPACK NZ LIMITED	2016-2019
FLEXOPACK TRADE AND SERVICES UK LIMITED	2014-2019
INOVA SA	2013-2019
VLACHOS BROS S.A.	2013-2019

Amounts in thousand euro

In application of the relevant tax provisions : a) paragraph 1 of article 84 of Law 2238/1994 (unaudited cases concerning income tax), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases related to VAT) and c) paragraph 5 of article 9 of Law 2523/1997 (penalties imposed for income tax cases), the right of the Greek State to impose any tax with regard to the fiscal years up to 2012 including, has been waived until 31/12/2018, with the exception of special or extraordinary provisions which may provide for a longer waiving period and under the respective conditions which these provisions stipulate.

Tax compliance report

With the article 82 §5 of Law 2238/94, beginning from year 2011, and in a later stage with the article 65A of Law 4174/2013, the Certified Auditors and the auditing firms performing mandatory audits in societe anonyme companies are obliged to issue a Tax Compliance Report with regard to the application of tax provisions in tax objects. The particular report is submitted to the audited company and via electronic means to the Ministry of Finance.

For the years 2011 – 2018, the Company as well as the associate companies INOVA S.A. PLASTICS AND IRON and VLACHOU BROS S.A. received a relevant Report, without any reservation with regard to the tax objects which were audited. With the article 56 of Law 4410/3.8.2016 for the years from 1.1.2016, the issuance of a Tax Compliance Report is no longer mandatory (only optional).

For the fiscal year 2019, the Company and the above associate companies have been subject to the above mentioned tax audit of the Certified Auditors Accountants, and from the relevant Tax Compliance Report, which is expected to be granted, it is anticipated that no additional and material tax burdens will emerge.

According to the Ministerial Decision (POL) 1006/05.01.2016, the companies for which a tax certificate "without reservation" has been issued, are not being excluded from the obligation concerning an ordinary tax audit from the pertinent tax authorities. As a result, the tax authorities may proceed with their own tax audit and impose any penalties and additional taxes.

6.26.3 Information regarding contingent receivables

There are no contingent receivables that are of significance to report in the Company's and Group's Financial statements.

6.27 Current liens

No collateral or liens are written on the fixed assets of the parent Company.

With regard to the fixed assets of the Group, there is a lien written for a banking institution in Poland, amounting to 3.0 million Euros, on the production facilities of the Polish subsidiary «FLEXOPACK POLSKA Sp. Zo.o». The purpose of the lien is to be used as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to the subsidiary.

6.28 Audit company's fees

The total fees of the legal auditors of the Company and the Group are the following:

	GROUP		**COMPANY**	
	1/1-31/12/2019	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Audit Fees	82	71	43	43
	82	**71**	**43**	**43**

Amounts in thousand euro

6.29 Leases – Effect from the adoption of IFRS 16

The effect from the adoption of IFRS 16 as of January 2019 is the following:

1st January 2019	GROUP Buildings	GROUP Transport Means	GROUP Total	COMPANY Buildings	COMPANY Transport Means	COMPANY Total
ASSETS						
Non-current assets						
Rights for utilization of fixed assets	547	573	1,119	319	443	761
Total	**547**	**573**	**1,119**	**319**	**443**	**761**
LIABILITIES						
Long-term liabilities						
Leasing liabilities	291	363	654	245	303	548
Short-term liabilities						
Leasing liabilities	256	209	465	74	139	213
Total	**547**	**573**	**1,119**	**319**	**443**	**761**

The effect from the adoption of IFRS 16 for the period 1/1/2019-31/12/2019 is the following:

Rights for utilization of assets	GROUP Buildings	GROUP Transport Means	GROUP Total	COMPANY Buildings	COMPANY Transport Means	COMPANY Total
Balance as t 1 January 2019	**547**	**573**	**1.119**	**319**	**443**	**761**
Additions	337	218	555	0	111	111
Forex differences of acquisition cost	3	2	5	0	0	0
Depreciation for the year	(257)	(243)	(501)	(78)	(164)	(242)
Forex differences of depreciation	(1)	(1)	(2)	0	0	0
Acquisition cost on 30th December 2019	887	793	1.680	319	554	872
Accumulated depreciation	(258)	(244)	(502)	(78)	(164)	(242)
Book value as at 31 December 2019	**628**	**549**	**1.177**	**241**	**390**	**630**

The effect from the adoption of IFRS 16 in the statement of Financial Position, the results and the cash flow statement during the financial year 2019 is the following:

	GROUP 31/12/2019	COMPANY 31/12/2019	
Rights for utilization of fixed assets	1,177	630	Statement of Financial Position - Assets
Leasing liabilities	(717)	(404)	Statement of Financial Position - Long term Liabilities
Leasing liabilities	(466)	(232)	Statement of Financial Position - Short term Liabilities
Payments of leasing liabilities	(554)	(270)	Statement Cash Flows - Financial Activities
Amortization of rights for utilization of fixec	501	242	Statement Cash Flows - Operating Activities
Interest on leasing	60	34	Statement of Income - Financial Expenses

The interest expenses of the leases are included in the financial expenses in the statement of income.

The future liabilities in relation to leases are the following:

Amounts in thousand euro

	GROUP	COMPANY
	31/12/2019	31/12/2019
Short-term Leasing Liabilities	466	232
Long-term Leasing Liabilities	717	404
Total Leasing Liabilities	**1,183**	**636**
Leasing liabilities are payable as follows:		
Within the year	526	258
Within the second year	483	239
From 3 up to 5 years	286	190
After 5 years	0	0
Less: Discounting	(112)	(50)
Total Leasing Liabilities	**1,183**	**636**

6.30 Transactions with related parties

The company's transactions with related parties, according to IAS 24, are as follows.

1/1/-31/12/2019

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	5.543	5.762	6.296	1.074
FLEXOSYSTEMS Ltd -Belgrade	671	0	122	0
FLEXOPACK PTY LTD- AUSTRALIA	12.057	37	10.906	5
FLEXOPACK TRADE AND SERVICES UK LIMITED	2.790	0	1.506	0
FLEXOPACK FRANCE	13	0	11	0
INOVA SA	315	1	96	1
VLAHOU BROS SA	2.194	105	893	58
OTHER RELATED PARTIES	0	85	0	0
	23.582	**5.990**	**19.831**	**1.139**

Benefits towards management and executives	
Transactions and fees of senior executives and members of the management	2.149
Receivables from senior executives and management	0
Liabilities towards senior executives and management	65

Amounts in thousand euro

1/1/-31/12/2018

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	4,239	5,719	5,970	1,302
FLEXOSYSTEMS Ltd -Belgrade	783	0	178	0
FLEXOPACK PTY LTD- AUSTRALIA	10,198	7	8,491	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	2,575	0	1,396	0
FLEXOPACK FRANCE	0	0	1	0
INOVA SA	245	1	94	1
VLAHOU BROS SA	2,239	87	836	58
OTHER RELATED PARTIES	0	84	0	0
	20,279	**5,898**	**16,967**	**1,361**

Benefits towards management and executives	
Transactions and fees of senior executives and members of the management	2,019
Receivables from senior executives and management	0
Liabilities towards senior executives and management	75

	GROUP		COMPANY	
	1/1-31/12/2019	**1/1-31/12/2018**	**1/1-31/12/2019**	**1/1-31/12/2018**
Sales of goods and services				
To subsidiaries	0	0	21,074	17,792
To associates	2,509	2,483	2,509	2,483
	2,509	**2,483**	**23,582**	**20,276**
Purchases of goods and services				
From subsidiaries	0	0	5,799	5,726
From associates	105	88	105	88
From other related parties	85	84	85	84
	191	**172**	**5,990**	**5,898**
Sales of fixed assets				
To subsidiaries	0	0	0	3
To associates	0	0	0	0
	0	**0**	**0**	**3**
Receivables				
From subsidiaries	0	0	18,841	16,037
From associates	990	930	990	930
	990	**930**	**19,831**	**16,967**
Liabilities				
To subsidiaries	0	0	1,080	1,302
To associates	59	59	59	59
	59	**59**	**1,139**	**1,361**

Notes:

It is also noted:

1. No other transactions related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.

Amounts in thousand euro

2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.
3. With regard to the natural persons-executives of the Company, apart from the above fees, there are no other transactions between the Company and the said executives and members of the Board of Directors.
4. The Company granted within the year 2018 a loan of 1.7 million Euros to its subsidiary "FLEXOPACK POLSKA Sp. Zo.o.» in order to repay its investment plan and this amount is included in the above table of transactions (Receivables) between the Company and its related parties.
5. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 100 thousand euro as 31/12/2019. It is included in the above table of related party transactions concerning transactions (Receivables) between the Company and its affiliates.
6. There were no changes in the transactions between the Company and its related parties that could have a material effect on the Financial position and performance of the Company for the period 1.1.2019-31.12.2019.
7. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.
8. The Company has granted the following guarantees in favor of its subsidiary "FLEXOPACK POLSKA Sp. Zo.o.».
a) Guarantee to a banking institution based in Poland for a maximum amount of EUR 2.5 million to ensure the repayment of a long-term loan of EUR 2.5 million. The balance of this loan amounted to EUR 1.072 million on 31.12.2019.
b) Guarantee for a maximum amount of 1,350,000 PLN (approximately 317,000 Euros) to ensure the repayment of an equally short-term credit limit granted to the above subsidiary.
9. The Company has also provided a guarantee to a credit institution in favor of its subsidiary "FLEXOPACK PTY LTD" based in Australia, for a maximum guarantee limit of approximately 74,000 Euros.
10. The transactions described above have been concluded under normal market conditions and contain no exceptional or individual trait which would render imperative the further analysis of them or the analysis of them per related party.
11. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.
12. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

6.31 Earnings per share

Earnings per share are analyzed as follows:

	GROUP		COMPANY	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Earnings after taxes corresponding to shareholders of the parent (1)	7,195	7,096	7,598	7,602
Weighted number of shares outstanding (2)	11,720.024	11,720.024	11,720.024	11,720.024
Basic earnings per share (Euro per share) (1)/(2)	0.6139	0.6055	0.6483	0.6487

Amounts in thousand euro

6.32 Dividends

The Company's Board of Directors taking into account the results of the year 2019, the broader capital needs of the Company, as well as the wider financial environment which the Company operates in, intends to propose to the Annual General Meeting of Shareholders the distribution of a dividend amounting to 740,706 Euros or 0.0632 Euros per Company share.

6.33 Measurement of Fair Value

The Group and the Company use the following hierarchy to identify and disclose fair values of financial assets using the following valuation method:
Level 1: fair values are determined by reference to published active money market transactions.
Level 2: fair values are determined using measurement techniques for which all parameters that have a material impact on the fair value of the asset are supported by observable market prices (directly or indirectly).
Level 3: fair values are determined using measurement techniques for which the parameters that have a significant impact on the fair value recorded are not supported by observable market prices.

The Group held no financial instruments valued at fair as of 31/12/2019.
The financial assets of the Group and the Company consist of cash receivables from customers, loans to subsidiaries and other receivables. The Financial liabilities of the Group and the Company consist of bank loans, liabilities to suppliers and related liabilities. The fair values of the above financial instruments, mainly due to their short-term nature, do not differ significantly from their book values.

6.34 Reconciliation of cash flows from financing activities

Based on the amended IAS 7, the reconciliation of debt liabilities between the statement of Financial Position and the financing activities of the statement of cash flows is presented below:

GROUP	**31.12.2018**	**1/1/-31/12/2019**			**31.12.2019**
	Statement of Financial Position	**Receipts in the Statement of Cash Flows**	**Payments in the Statement of Cash Flows**	**Transfers**	**Statement of Financial Position**
Long-term liabilities	14,143	0	-2,784	0	11,359
Short-term liabilities	4,324	0	-69	0	4,256
	18,467	**0**	**-2,853**	**0**	**15,614**

COMPANY	**31.12.2018**	**1/1/-31/12/2019**			**31.12.2019**
	Statement of Financial Position	**Receipts in the Statement of Cash Flows**	**Payments in the Statement of Cash Flows**	**Transfers**	**Statement of Financial Position**
Long-term liabilities	13,073	0	-2,427	0	10,646
Short-term liabilities	3,627	0	0	0	3,627
	16,700	**0**	**-2,427**	**0**	**14,273**

Amounts in thousand euro

GROUP	31.12.2017 Statement of Financial Position	1/1/-31/12/2018 Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	31.12.2018 Statement of Financial Position
Long-term liabilities	10,551	11,000	-6,891	-516	14,143
Short-term liabilities	6,182	700	-3,075	516	4,324
	16,733	**11,700**	**-9,966**	**0**	**18,467**

COMPANY	31.12.2017 Statement of Financial Position	1/1/-31/12/2018 Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	31.12.2018 Statement of Financial Position
Long-term liabilities	9,125	11,000	-6,536	-516	13,073
Short-term liabilities	5,411	700	-3,000	516	3,627
	14,536	**11,700**	**-9,536**	**0**	**16,700**

6.35 Distribution of shares in the form of Stock Option Plan

The Board of Directors of the Company, during its meeting of 19 December 2019 and following authorization granted from the Annual General Meeting of shareholders of June 29, 2018, established a program for the distribution of shares to the members of Board of Directors, the management members and the Company's executives, in the form of the stock options, in accordance with the applicable regulatory framework and specifically in accordance with Article 113 of Law 4548/2018.
The maximum number of shares that can be granted under the above program is 75,000 shares.

The plan consists of granting options to the participants, so that the latter can acquire shares of the Company through their participation in the increase of its share capital at a fixed price, amounting to three (3.00) Euros per right. The date of maturity of the rights is set at 29 March 2022. The exercise of the right and the deposit by the beneficiary of the value of the rights will take place from 29.03.2022 to 20.04.2022 at the bank account of the Company which will be announced to the beneficiaries.

The exercise of the rights requires prior written notice from the beneficiary of his/her intention to exercise the relevant right by 28 December 2021, i.e. three (3) months before the above maturity date.

According to article 113, par. 3 of Law 4548/2018, after the exercise of the rights by the participants, the Board of Directors will issue and deliver the shares to the beneficiaries and will take a decision to increase the share capital of the Company based on the amount corresponding to the rights exercised. Subsequently, the Board of Directors will take a decision to certify the payment of the share capital.

6.36 Events after the reporting date of the financial statements

(a) Following the decision of the Board of Directors of the Company dated 3 March 2020, a Concluding Agreement for the Coverage of a Common Bond Loan through private placement was signed on 9 March 2020, in accordance with the provisions of Law 4548/2018 and Law 3156/2003, as in force, of a total nominal value of four million five hundred thousand Euros (4,500,000) via coverage of this amount by the Societe Anonyme Company under the name "ALPHA BANK SOCIETE ANONYME". "ALPHA BANK SOCIETE ANONYME " has been appointed as the Payment Manager and Representative of the Bond Holders.

Amounts in thousand euro

The product of the above Common Bond Loan will be used by the Company as follows:
(i) an amount equal to three million nine hundred and twenty-eight thousand five hundred and sixty Euros (3,928,560), for the refinancing of its existing loan and (ii) an amount equal to five hundred and seventy one thousand four hundred and forty Euros (571,440) for its business activities.

(b) The management of FLEXOPACK proceeded with the capital increase at an amount of two million Euros, meaning by percentage of 100%, of its subsidiary company "FLEXOPACK INTERNATIONAL LIMITED" located in Larnaca, Cyprus.
This capital increase was made primarily for the purpose of the further funding and capital expansion of the Group's subsidiary in Brisbane, Australia, under the name "FLEXOPACK PTY LTD" (in which the above Cypriot subsidiary holds 100% of the voting rights). That was deemed appropriate as the latter (FLEXOPACK PTY LTD) has been significantly expanding its turnover and is in direct need of financial support for this development phase both through new investments and through organizational restructuring.

<u>c) Risk from the spread of COVID-19</u>

Given the Group’s strong export orientation, the prospects, results and the course of both the Company and the Group for the current year, 2020, depend directly on the conditions prevailing primarily in the global and secondarily in the domestic economy and market.
During the present period, there are external factors that create fair and justified concerns about the course of the global economy, such as the threats from protectionism, the geopolitical uncertainty, the anxiety over Brexit and its final implementation, and mainly the declaration of pandemic by the WHO with respect to the corona virus (Covid-19).
The rapid spread of covid-19 in Europe and around the world, with restrictive measures being announced one after the other in recent days, will have a significant impact on the economy and will require corresponding drastic measures to control such impact.
Despite extraordinary and boldly measures to support and channel liquidity by national governments and central banks around the world, the impact on entire sectors from governments’ restrictive measures is severe, production is negatively affected and overall demand in the economy is declining.
As deep uncertainty about the spread of Covid-19 remains significant, its economic impact, both globally and internationally, will depend on the duration, severity and spread level of the disease.
The rapid and timely adoption of strict measures to reduce the spread of the corona virus in our country after the exponential increase of infections in many European countries is drastically changing the perspective of the Greek economy. After three consecutive years of recovery, the Greek economy is expected to return to a recessionary environment, without yet having a clear picture about the time horizon of this unfavorable development but also about the magnitude of the recession.
The Management of the Group closely monitors the developments and takes care of the taking of the procedures and especially of the measures and policies that are considered intentional and necessary in order to ensure its business continuity, its smooth operation and the reduction of negative consequences to the smallest possible extent.
In the context of ensuring the Business Continuity of Flexopack Group, an action coordination team has been set up, which consists of the Factory Manager, the heads of the production and logistics departments as well as the quality control and personnel department. Among other things, the following measures were implemented. The “telework” scheme was applied for a large part of the Group's administrative staff, as well as the precautionary removal of people belonging to vulnerable groups. Furthermore, there is constant communication and coordination with the Occupational Physician, for the appropriate and valid information of all employees regarding the meticulous observance of the rules of personal hygiene and the other recommendations and instructions of EODY (Greece’s National Public Health Organization). The disinfection of the factory premises is carried out daily and there has been a tightening of the rules regarding the movements as well as the entry and exit of both the staff and the

associates of the Company and third parties in the Company's facilities. Business trips are prohibited unless there is special approval from the Administration.

Based on the data available at the time of preparing of this report, no substantially negative impact exists on the Company's business activity and particularly on its production, sales and supply chain.
In view of the above, as the duration of the ongoing pandemic as well as of the restrictive measures cannot be determined, certain conclusions cannot be drawn with certainty regarding the risks, impact and possible effects of this event on commercial activity and financial results of the Company and the Group and therefore the financial position and the performance of the Company and the Group may be adversely affected.
The Group, both on the reporting date of the Annual Consolidated Financial Statements and on the date of their approval, maintains sufficient capital adequacy and liquidity and continues to be fully consistent with its obligations to suppliers, Greek State, social security organizations and other creditors.

There are no significant events after the end of the reporting period, which concern either the Group or the Company, and whose disclosure is required by the International Financial Reporting Standards (IFRS).

Koropi, 22/4/2020

THE CHAIRMAN OF THE BOARD	THE VICE-CHAIRMAN OF THE BOARD	THE CHIEF FINANCIAL OFFICER
GEORGIOS S. GINOSATIS	STAMATIOS S. GINOSATIS	ANASTASIOS A. LYMBEROPOULOS
ID No/AE 153990	ID No /Σ.500301	ID No /X.094106 Reg. No.3544/99

CHAPTER 5 : Website for the uploading of the financial information

According to the provisions of Law 3556/2007 as well as the Decision 8/754/14-4-2016 of the Board of Directors of the Hellenic Capital Market Commission, it is announced that the Annual Financial Report of the year 2019 has been recorded and uploaded in the Internet at the address www.flexopack.com. The above uploading fulfils all the requirements of article 7 of the above decision of the Capital Market Commission.