

# AGRIPOLYANE S.A.S.

## ANNUAL MANAGEMENT REPORT

Management presents the annual report and audited financial statements of the Company for the year ended 31 December 2023.

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

The balance sheet and the income statement as well as the annual report of our Company for 2023 have been drawn up and submitted in line with the principles determined by the French Accounting Standards.

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

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

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

### **Continuity of activity**

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

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

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

The Turnover of the Company in 2023 was decreased by -26 % to 33.91 million Euro from 46.30 million Euro in 2022 (In local Gaap). The market was extremely weak in 2023. The drop in sales was across the industry and not only limited to Agripolyane. Prices were pressed while raw materials that remained in stock for longer times than usual were highly priced.

Total sales volume amounted to 12,316 tons vs the 14,754 of the year before.

At the same time the company had to service higher interest rates for the significant loans taken to carry out the investments.

The year ended with losses of ( - ) 1,161,337 before tax (operating losses of -715,344) Euro from net profit before tax of ( + ) 1,016,598 Euro (1,288,995 operating profit) the year before.



Note: for the year 2023 the company will receive a return of taxes of 293,845 euros. This is in the form of credit towards future income tax

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

The major investments during the year 2023 were:

- Construction of a new production line and supporting internal towers (4,791 million Euro),
- Construction of a new tower for production line (1,785 million Euro),
- Construction of a new recycling line (0.405 million Euro).

### **Principal risks and uncertainties**

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

#### **Liquidity risk**

Liquidity risk is for the moment very low.

#### **Interest rate risk**

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

#### **Energy risk**

A new contract for electricity has been negotiated in 2023 for 2024, for one year only.

#### **Market risk**

After the very weak sales in 2023 the market seems to have rebounded. The company's order books are full and the stocks of raw material are correctly priced. This finds the company competitive among the competition, with new product capabilities due to our new line.

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

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

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

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



**Board of Directors**

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

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

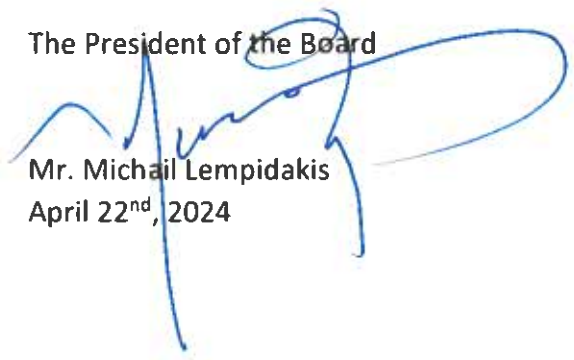
**Events after the balance sheet**

The company is finishing ongoing investments. It is scheduled to bring our sprinkler system to insurance standards and norms in the end of 2024 or beginning of 2025.

The President of the Board

Mr. Michail Lempidakis

April 22<sup>nd</sup>, 2024

A handwritten signature in blue ink, appearing to be 'M. Lempidakis', is written over the typed name and date. The signature is fluid and cursive, with a large loop at the end.

