



**Audit Committee Report for Financial Year  
01/01/2021 – 31/12/2021**

TO ANNUAL GENERAL MEETING OF THE SHAREHOLDERS  
**of KRI-KRI MILK INDUSTRY S.A.**

3rd km. Serres – Drama, 62125, Serres, GREECE,

General Commercial Registry No.: 113772252000

Serres, 19<sup>th</sup> April 2022

## 1. Introduction

According to article 44 of Law 4449/2017, the Audit Committee (“the Committee”) of KRI-KRI MILK INDUSTRY SA (“the Company”) submits to the Annual General Meeting (“AGM”) of the shareholders this report which relates to the Company’s operations for the Financial Year ending on 31st of December 2021. The scope of this report is to demonstrate the Committee’s substantial contribution regarding the Company’s compliance with the provisions of the current legislative and regulatory framework within a business environment which is characterised by intense and difficult challenges and uncertainties.

The composition of the Committee for the Financial Year 2021 is referred below:

The Committee from 14/01/2021 until the day of the AGM on 06/07/2021, consisted of three (3) members, Anastasios Moudios (Chairman), Anastasios Kyriakidis and Antonios Mavridoglou. All members of the Committee were independent non-executive members of the Board of Directors (“BoD”).

The AGM of the Company’s shareholders which took place on 06/07/2021 decided to elect a new Committee consisted of two (2) independent non-executive members and one (1) executive member of the BoD. The mandate of the new Committee is six years. It has been decided that the BoD will appoint the members of the new Committee. The BoD will review and determine the fulfillment of the eligibility requirements for each one of the new members to make sure that the Committee comply with the legislative framework, and to meet all the eligibility criteria, including the independency. It has also been decided that the new Chairman of the Committee will be appointed by its members, and he/ she should be an independent non-executive member of the BoD.

Following the above decisions of the AGM, the BoD met on 7/7/2021 and has decided to appoint new members of the Committee the following members of the BoD:

- Anastasios Kyriakidis, independent non-executive member
- Anastasios Moudios, independent non-executive member
- Georgios Kotsampasis, non-executive member

The AGM had previously examined and confirmed that Anastasios Kyriakidis and Anastasios Moudios had met the criteria as independent members of the BoD according to article 9 par. 1 and 2 of Law 4706/2020. The BoD has noted that Anastasios Kyriakidis and Anastasios Moudios, given that they have both met the criteria of the independent members of the BoD according to article 9 par. 1 and 2 of Law 4706/2020, they have also met the criteria of the Law which was still in force during the preparation of this report according to article 4 par. 1 Law 3016/2002. In addition, the BoD noted that based on the curriculum vitae of Anastasios Kyriakidis, Anastasios Moudios and Georgios Kotsampasis, the following were valid:

Mr. Anastasios Kyriakidis has sufficient knowledge of the industry in which the Company operates (food and drink industry). That knowledge can be demonstrated not only by his previous senior managerial roles in some of the largest companies in Greece but also due to his positions as secretary of the Board of Directors of SEVIZ (Federation of animal feeds Industries of Greece), member of the Board of Directors of SVE (Federation of Industries of Greece), secretary of EEDE, Chairman of EIM (Hellenic Marketing Institute) of Macedonia and member of the Board of Directors and vice Chairman of SEVE (Exporters Association of Northern Greece). Moreover, Mr. Anastasios Kyriakidis had been appointed as a member of the BoD of the Company in the beginning of 2017. That role has provided him with the opportunity to build his knowledge both around the Company and the industry in which the company operates.

Mr. Anastasios Moudios has sufficient knowledge of the industry in which the Company operates (food and drink industry) due to his role as a certified auditor. During his career he has been leading audit controls for some of the largest Greek companies, including DODONI (dairy production company), EURIMAC (pasta production company) and MALAMATINA (drink production company), as well as other companies, whose operational activity is in line with the Company's activity. All the above give Mr. Moudios the advantage to have sufficient knowledge of the industry in which the Company operates.

Mr. Georgios Kotsambasis has worked in managerial positions in the Company for over two decades. He has also been the Production Manager in the Company, as well as the Vice Chairman of the BoD of the Company, while he has contributed decisively to the Company's development. Therefore, his knowledge of the industry in which the Company operates is unquestionable.

Thus, all the above members of the Committee have sufficient knowledge of the sector in which the Company operates, and that sector is the production, processing and marketing of dairy products, as well as the sub-sector to which the Company has been assigned in Athens Stock Exchange: "Food and Beverage".

Finally, the BoD noted that Mr. Anastasios Moudios, as a chartered accountant, has sufficient knowledge and experience in auditing and accounting.

Following the above decisions of the AGM and the BoD, the Committee, after being formed in a body on 7/7/2021, has verified that its independent members have met the requirements of the Law and unanimously elected Mr. Moudios Anastasios as its Chairman.

As to date, the above data have not changed.

Therefore, currently the Committee consists of the following three (3) members:

- Anastasios Kyriakidis of Charalampos, member
- Anastasios Moudios of Konstantinos, Chairman
- George Kotsampasis of Ioannis, member

## 2. Purpose of the Committee

The primary purpose of the Committee is to support the BoD in its duties related to financial information, internal audit and regular audit oversight. The responsibilities and operation of the Committee are further explained in the current Corporate Governance Code.

## 3. Composition of the Committee

The Committee, in accordance with the provisions of article 44 of Law 4449/2017 and the decision of the 25th Annual General Meeting, is a committee of the Board of Directors, consisting of three (3) independent, non-executive members.

The members of the Committee meet the criteria of an independent member according to article 4 of Law 3016/2002 and, specifically:

1. They do not hold directly or indirectly voting rights greater than 0.5% of the share capital of the Company.
2. They do not have a dependent relationship with the Company or with any person related to the Company and in particular:

a. They do not maintain a business or other professional relationship with the Company or with an affiliated company in accordance with article 32 par. 2 of Law 4308/2014. That relationship should not affect the Company's business activity, and mainly with an important supplier or customer of the Company,

b. None of the members of the Committee should have the role of the chairman of the BoD and neither should be a member of the senior management of the Company nor an executive member of the BoD in a company affiliated with the Company according to article 32 par. 2 of Law 4308/2014 nor they maintain a dependent employment or salaried relationship with the Company or its affiliated companies.

c. They should not have a second-degree kinship, nor they should be a husband of an executive member of the BoD, of a manager or of a shareholder who has the majority of the share capital of the Company or with an affiliated company according to article 32 par. 2 of Law 4308/2014,

d. They should not be appointed according to article 18 par. 3 of Law. 2190/1920 or the article 79 of Law 4548/2018.

The mandate of the Committee, which coincides with the mandate of the BoD of the Company, expires on 6<sup>th</sup> of July 2027, and will automatically be extended until the next AGM meeting.

#### 4. Meetings of the Committee

The number of meetings of the Committee during the financial year is determined by the requirements to successfully perform its responsibilities.

During Financial Year 2021, the Committee met nine (9) times. The below table shows the number of meetings where the members of the Committee physically participated:

Member	Physical Participation in the meetings
<b>Moudios Anastasios</b>	9
Kyriakidis Anastasios	9
Mavridoglou Antonios	5
Kotsampasis Georgios	4

To review the financial statements of the financial year 2021, the Committee had met four (4) times with the Company's certified auditor/ accountant. Two (2) of those meetings took place prior to the publication of the Company's semi-annual and annual financial statements, and there was no participation of any member of the Company's senior management.

#### 5. Responsibilities and activities of the Committee

##### A. Structure and Procedures of Internal Audit

The Committee within the financial year 2021:

- Examined and evaluated the efficiency and effectiveness of the procedures of the Internal Audit System and made suggestions on its improvement.

- Collaborated with the Internal Auditor and provided appropriate guidance on the auditing process of the Company and discussed its findings and conclusions of the audit report.
- Approved the audit plan of the Internal Audit team for the financial year 2022.

## B. Financial Statements - Statutory Audit

The Committee monitored the audit control of the annual financial statements of the financial year 2021 and considered the findings and conclusions of the regulatory authority, in accordance with paragraph 3 of Article 44 of Law 4449/2017 and paragraph 6 of Article 26 of the Regulation (EU) no. 537/2014.

The statutory audit of the financial statements for the financial year 2021 was carried out by the company “Grant Thornton” in accordance with the International Standards on Auditing. Moreover, the financial statements of the Company were prepared in accordance with the International Financial Reporting Standards (IFRS), as those Standards have adopted by the European Union. More specifically, two meetings took place with Grant Thornton’s certified auditors, one during the planning stage of the audit control of the financial statements for the financial year 2021 and a second meeting during the stage of the completion of those audits. Finally, there was frequent communication between the Company’s management and certified auditors throughout the whole process of the audit control.

The following were considered during the planning stage:

- the independence of certified auditors
- setting a timetable for actions
- the appointment of audit teams
- the evaluation of the annual program of audit control
- the indication of the responsibilities of both the Company’s senior management and certified auditors
- identification of important risks for the Company
- the main points of the audit control approach

After the completion of the audit control of the financial statements for the financial year 2021, the audit report of the independent certified auditor and the supplementary report with the relevant findings were presented. In this context, the below important issues were addressed:

- quality assurance
- project management
- the evaluation of the level of importance
- the evaluation of the principle of business continuity
- the suitability to provide non-audit services

During the presentation of the audit control results, the key financial figures, the evaluation of financial assets at fair value, the insurance provisions for outstanding losses and the most significant amendments in the statements of financial position, profit and loss and cash flows were analysed.

## Present to the BoD the results of the audit control of the financial statements for the financial year 2020

The Committee, considering the audit report and the supplementary report of the certified auditors, informed the BoD about the results of the audit control, the contribution of the audit

control to the quality and integrity of financial information and the role of the Committee in this process.

In the context of that update, the Annual Financial Report for the year was reviewed before its approval by the BoD, in order to assess their completeness and consistency in relation to the information that has been considered as well as the accounting principles that apply to the Company.

The Committee also considered and examined the most important issues and risks that may have an impact on the Company's financial statements.

#### Overview of the independence and adequacy of the provision of non-audit services of certified auditors

The Committee, considering the case e 'of paragraph 3 of article 44 of Law 4449/2017 and articles 5, 6, 21, 22, 23, 26 and 27 of Regulation 537/2014 of the European Union, reviewed and monitored the independence of certified auditor and in particular the adequacy of the provision of non-audit services. In this context, the Committee received assurance through the preliminary audit report that the certified auditor is independent of the audited entity. The risks for the independence of the certified auditor were also discussed, as well as the relevant safeguards for the reduction of those risks.

#### C. Corporate risks

The Audit Committee within the financial year 2021:

- Review the financial risks to which the Company may be exposed. Those risks are the market risk, the credit risk arising from the inability of its customers to meet their obligations, and the liquidity risk associated with a possible difficulty for the Company to pay its obligations on time.
- Monitored the issue of COVID - 19 pandemic and collected data regarding the assessment of its impact on the operating activity, the financial performance of the Company and the possible measures taken to deal with it, in order to ensure the smooth operation of the Company.
- Proposed the establishment of a Risk Management and Regulatory Compliance Unit

#### D. Regulatory compliance

The Committee within the year 2021:

- Examined the requirements of Law 4706 for Corporate Governance, in the context of regulatory compliance
- Submitted proposals regarding the content of the Internal Operating Regulation of the Internal Audit Unit
- Submitted proposals regarding the modification of the content of the Internal Operating Regulation of the Company
- Approved the amendment of the content of the Internal Operating Regulation of the Audit Committee
- Proposed the establishment of a Risk Management and Regulatory Compliance Unit

#### E. Preparation and review of reports

The Committee within the year 2021:

- Preparation of the Audit Committee report for the year 01.01.2020- 31.01.2020
- Review the content of the Remuneration Report for the year 01.01.2020- 31.01.2020

## 6. Regulation of the Audit Committee

Finally, it is noted that on 16.07.2021, based on the Committees minutes, the Regulation of the Audit Committee was updated in accordance with the current legislation. The Regulation of the Committee, as in force, is posted on the Company's website.

During his work, the Audit Committee had full access to all the necessary information in order to carry out its duties effectively. Many thanks to the Senior Management of the Company, the certified Auditors and the staff for their cooperation.

Serres, 19/04/2022

Sincerely,

Anastasios K. Moudios  
Chairman of the Committee