

**DROMEAS S.A.**  
**ANNUAL AUDIT COMMITTEE REPORT FOR**  
**FINANCIAL YEAR 2021**

**I. Introduction**

Current report concerns of a brief presentation of Audit Committee's actions of "PAPAPANAGIOTOU S.A.:" (D.T. DROMEAS S.A.) for financial year 2021(01.01 - 31.12.2021), according to par. 10 of article 44 of L. 4449/2020.

**II. Purpose – Audit Committee's responsibilities**

According to current legislation and Audit Committee's rules and procedures, Audit Committee is and independent and objective Company's function, which acts as a crucial safety regarding the efficiency of the internal control system, risk management, quality of outsource control and the integrity the financial information process.

In particular, Audit Committee aims, under the provisions of article 44 of law 4449/2017 and articles 10, 15 and 16 of law 4706/2020, to assist the Board of Directors in its supervisory duties:

- The financial information process,
- The process of appointment and operation of the mandatory external audit.
- The Internal Control System (IAC) and its implementation,
- The Organization and operation of the Internal Audit Unit (IAU) of the Company, in terms of financial information
- The Company's compliance with legal and regulatory requirements

**III. Composition – Operation Rules**

Audit Committee is a committee of the Board of Directors, consisting of three (3) non-executive members of the Board of Directors, of which two (2) are independent.

During Annual Regular Assembly of 16-6-2020, the shareholders unanimously decided to elect the independent non-executive member of Grigorios ZAROTIADIS of Vassilios as Chairman of the Audit Committee and authorized the Board of Directors to appoint, revoke and replace the remaining members, under the provisions of article 44 of law 4449/2017. Later on, the same day (16-6-2020), the Non-executive member of the Board of Directors Stylianos PETRISLIS of Grigoriou and the Independent Non-executive member of the Board of Directors Panagiotis PANAGIOTAKAKIS of Athanassios were appointed by the Board of Directors of the Company.

From 1-1-2021 until Company's Annual General Assembly of the shareholders on 12-7-2021, the composition of the Audit Committee was as above. During the Annual General Assembly on 12-7-2021, shareholders decided:

- a) to be a committee of the Board of Directors, which will also appoint its members,
- b) consist of three members, two (2) Independent Non-Executive Members of the Board of Directors and one (1) Non-Executive Member of the Board of Directors, in accordance with the provisions of article 44 par. 1 of Law 4449/2017 and no. 10 of the new law 4706/2020,
- c) the term of office of the Audit Committee is six years,
- d) The Chairman of the Audit Committee should be an independent non-executive member of the Board of Directors and to be appointed by the members of the Audit Committee during its formation in a body.

Following the same day (12-7-2021) the Board of Directors decided to appoint as members of the Audit Committee the following members of the Board: Panagiotis PANAGIOTAKAKIS of Athanasios, independent, non-executive member, Ioannis VERGINIS of Konstantinos, independent, non-executive member and Grigorios ZAROTIADIS of Vassilios, non-executive member, after previously examining and finding that the composition of the Audit Committee with the above persons meets the conditions and criteria of the provisions of article 44 par. 1 law 4449/2017 the criteria of independence, according to the provisions of par. 1 and 2 of article 9 and article 10 of Law 4706/2020.

On 13-7-2021 the above members of the Committee met and formed a body as follows:

**(a)** Ioannis VERGINIS of Konstantinos, independent non-executive member of the Board.

Chairman

**(b)** Panagiotis PANAGIOTAKAKIS of Athanasios, independent non-executive member of the Board, Member

**(c)** Grigorios ZAROTIADIS of Vassilios, non-executive member of the Board, Member

The composition of the Audit Committee remains as of 13-7-2021 until today and its term coincides with the term of the current Board of Directors of the Company, which expires on June 15, 2026.

The Audit Committee, in accordance with the provisions of par. 1 of article 44 of law 4449/2017, has drafted an Operating Regulation which is posted on the Company's website.

#### **IV. Audit Committee's meetings – meetings frequency**

Audit Committee meets at Company's headquarters or by teleconference, in accordance with article 90 of law 4548/2018. The discussions and decisions of the Audit Committee are recorded in minutes, which are signed by the present

members, in accordance with article 93 of law 4548/2018.

During year 2021 (01.01 - 31.12.2021), Audit Committee met seven (7) times, in full composition, regarding the following issues: Audit report on the annual financial statements for the year 2020 and recommendation for their approval. Proposal for the assignment of the audit project, during the year 2021, to auditing company METRON Auditing A.E.O.E.

Its composition in a body, after the redefinition of its composition during the annual general assembly of shareholders of July 12, 2021, and the preparation of its Rules of Procedure.

Preparation and proposal to the Board of Directors of the Rules of Operation of the Internal Audit Unit.

Examination and evaluation of the quarterly reports of the internal auditor

Writing a report to the Board for the preparation and control of the annual and semi-annual Financial Statements and the comments on them by the certified public accountant, before their approval by the Board of Directors

Approval of the annual control plan of the Internal Audit Unit

## **V. Committee's actions**

During its above meetings, Audit Committee dealt with issues within its competence as follows:

### **A. Procedures of financial information – financial statements**

Audit Committee was mainly focused in:

- The procedure for carrying out the mandatory audit of the Company's corporate financial statements (annual and semi-annual), as well as the content of the report submitted by the Certified Public Accountant - Accountant.

In this context, the Audit Committee found that the audit of the Financial Statements for the year 2020 was carried out in accordance with the current legal framework, informed the Board of Directors about the result of the statutory audit and recommended to the Board of Directors their approval.

The Audit Committee also monitored the statutory audit of the consolidated financial statements for the first half of 2021, throughout the audit, holding meetings with both the CEO and the Chief Financial Officer of the company, as well as with the responsible external certified auditor and the requesting information and data, found that the audit of the financial statements for the first half of 2021 was in accordance with international accounting standards, thorough and sufficient and recommended to the Board of Directors their approval.

### **B. Evaluation and procedure of selection of Company's Certified Public Auditors**

Audit Committee selected the same Audit Company for the year 2021, submitted relevant proposal to the Annual General Assembly of the shareholders. The definition of the terms of cooperation and the definition of the selection criteria (e.g., provision of high-quality services, specialization and experience, fair, reasonable and competitive remuneration, multi-year presence of the Audit Company in the relevant field of activity, any previous and uninterrupted cooperation with it, etc.) was carried out on the basis of its evaluation for the audit and the audit results of the fiscal year 2020.

The Audit Committee regarding the auditors, carried out:

(a) monitoring their work in the context of the statutory audit of the Financial Statements for the year 2021.

(b) confirmation of their independence, impartiality, objectivity and integrity as well as the effectiveness of the audit process, based on relevant professional standards and regulatory requirements.

In this context, the Regular Auditor confirmed his independence and the absence of any external direction or instruction or recommendation in the performance of his duties.

### **C. Internal Control – audit results of financial year 2021 – audit schedule for financial year 2022**

The Audit Committee prepared and submitted for approval by the Administrative Council, the operating regulations of the Internal Audit Unit.

The Audit Committee approved the audit schedule for the year 2022 of the Internal Audit Unit, considering the main business and operational risks of the Company, as well as the results of the previous audits.

Carried out monitoring of the project as well as the effectiveness of the Internal Audit during financial year 2021.

It ascertained that the audits were carried out without violating the independence of the Internal Auditors.

The Board of Directors of the Company was also informed on the findings of the quarterly reports for financial year 2021

In general, the cooperation with the internal audit was satisfactory.

### **D. Regulatory compliance**

Within the framework of its responsibilities, Audit Committee verified Company's regulatory compliance with the following laws:

- Law 4548/2018 on public limited companies
- Tax, labor and insurance legislation
- Legislation of the Capital Market Commission
- Law 4706/2020 (articles 1 to 24 of the law)

## **VI. Conclusions**

Based on the aforementioned, Audit Committee believes that the Management of the Company acts with responsibly, respects the market rules, focusing on the relationships of trust with customers, suppliers, credit institutions, and other partners seeking for the greatest possible benefit for all, without exception always operating within the framework of responsible business development.

Ind. Area, Serres, 15 April 2022

FOR THE AUDIT COMMITTEE  
The Chairman of Audit Committee  
IOANNIS VERGINIS

Members  
PANAGIOTIS PANAGIOTAKAKIS  
GRIGORIOS ZAROTIADIS