

R E P O R T

of the Board of Directors of "VIS Containers Manufacturing S.A." to the Ordinary General Assembly of the shareholders of 30.06.2022

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This Report has been prepared by the Board of Directors of the company "VIS Containers Manufacturing S.A" (hereinafter referred to as the Company), in accordance with § 4.1.3.13.1. & 2. of the Rulebook of the Athens Stock Exchange, article 22 § 1 & 2 of law 4706/2020 and law 4548/2018, is addressed to the Ordinary General Assembly of its shareholders, which will convene on 30.06.2022, and concerns its proposal for the necessary decrease of the Company's share capital by offsetting equal losses by reducing the nominal value of the share and the simultaneous increase of the share capital by capitalization of existing payments made by the main shareholder, which have been made for liquidity facility of outstanding liabilities as well as with the payment of cash for working capital.

It is hereby noted that the Audit Committee and the Certified Auditor of the Company have given their assent to said proposal submitted by the Board of Directors.

In particular:

1. Decrease of the share capital

1.1. In the financial statements, the loss appears in the liabilities of the balance sheet and more specifically in the equity. Therefore, losses reduce corporate equity. The total equity of the societe anonyme may not fall below 50% of the share capital. In this case, the Board of Directors is obliged under article 119 § 4 of law 4548/2018 to convene within a period of six months upon the end of the fiscal year (in this case until 30.06.2022), the General Assembly of the shareholders who will decide to adopt consolidation measures, such as either the decrease of the share capital in order to amortize the accumulated accounting losses, so that $\frac{1}{2}$ of the decreased capital to be less than equity, or the increase of the share capital, so that $\frac{1}{2}$ of the increased capital to be higher than equity. The above corporate actions can be made simultaneously.

1.2. As it results from the financial statements for the fiscal year 2021 (01.01.2021 - 31.12.2021),

- a. the share capital amounts to € 3,974,880.00, therefore its $\frac{1}{2}$ amounts to € 1,987,440.00;
- b. the number of shares amounts to 4,968,600 (common shares with voting right);
- c. the nominal value of the share amounts to 0.80 € / share;
- d. the result of the 2021 fiscal year amounts to - € 2,328,303.00, and
- e. equity according to IAS amounts to € 1,042,728.00

1.3. Mandatory decrease of the share capital, which must be decided by the General Assembly until 30.06.2022/

As a result of the above, the provisions of 119 § 4 of law 4548/2018 apply and the Board of Directors proposes the decrease of the share capital by reducing the nominal value of the share by € 0.75, i.e., by the sum of (4,968,600 shares X 0.75 € / share =) € 3,726,450.00 by capitalization - offsetting of equal accumulated accounting losses of previous years.

Following the above the accounts will be as follows:

- a. share capital (€ 3,974,880.00 - € 3,726,450.00 =) € 248,430.00
- b. nominal value of share (0.80 € / share - 0.75 € / share =) 0.05 € / share,
- c. equity according to IAS remains at € 1,042,728.00.

Given that ½ of the decreased capital will amount to (€ 248,430.00: 2 =) € 124,215.00, while the equity according to IAS remains at € 1,042,728.00, the provisions of 119 § 4 of law 4548/2018 no longer apply.

The above corporate action presupposes a resolution passed by the General Assembly of the shareholders, which must be convened within a period of six months upon the end of the fiscal year, i.e., until 30.06.2022, and the amendment of the relevant article 5 of the Company's Articles of Association.

2. Simultaneous (non-mandatory) increase of the share capital / Report of the Board of Directors (according to § 4.1.3.13.1. & 2. of the ATHEX Rulebook and article 22 § 1 & 2 of law 4706/2020)

- 2.1. Provided that the above General Assembly of the Company's shareholders will have approved the aforementioned decrease of its share capital, it is proposed that the Company, in addition to the above accounting settlement of its financial figures, in line with the provisions of article 119 § 4 of law 4548/2018, proceeds with an increase of the share capital for strengthening its capital base, and uses the amount of the increase as working capital for the repayment of its outstanding liabilities.

The increase of the share capital is proposed to amount to the sum of € 1,490,580.00 payable according to the terms and conditions, which are detailed in § 2.3. hereof.

2.2. Information contained in the Report

- 2.2.1. Information about the report on the application of funds raised in the previous share capital increase (§ 4.1.3.13.2. [1a] of the ATHEX Rulebook)

The previous increase of the share capital took place more than 20 years ago, so there is no need to report the application of funds raised.

- 2.2.2. Information that serves to provide a comprehensive and clear picture of the company's investment plan, timeframe for its implementation and a breakdown of how the funds are to be used (§ 4.1.3.13.2. [1b] of the ATHEX Rulebook).

As mentioned hereinabove, the 2021 fiscal year resulted in losses, amounting to - € 2,328,303.00. This is due not only to the economic crisis suffered by Greece in recent years, but also to the coronavirus epidemic and the war in Ukraine. The above events result in: (a) a very large increase in the cost of raw materials (paper), energy costs (electricity, gas), etc., (b) a significant shortening of the repayment time of the Company's suppliers of raw materials, (c) the further deterioration of the financing conditions offered by the Banks, which further led to an increase in production costs, a reduction of consumption in general and, consequently, a reduction in production and the overall financial result of the Company (turnover, losses, lack of liquidity).

In order to deal with the above, the Company in the context of its current operation has various liabilities, which are currently overdue and non-overdue, such as the repayment of suppliers, bank loans, creditors, etc. The proposed amount of the increase, i.e., the sum of € 1,490,580.00, will be used to pay the above liabilities. It is hereby noted that a significant part of this capital will be allocated for the repayment of the Company's liability created in this fiscal year to the following main shareholder.

The use of the funds is expected to be completed immediately after the raising of the funds from the increase of the share capital.

- 2.2.3. Information about the major shareholders regarding whether they intend to continue holding their participating interest in the Company (§ 4.1.3.13.2. [1e] of the ATHEX Rulebook).

The main shareholder of the Company within the meaning of § 4.1.3.13.2. [1e] of the ATHEX Rulebook, is the societe anonyme under the name Hellenic Quality Foods S.A. and the brand name HQF (General Electronic Commercial Registry No. 122174507000, Tax Identification Number 094094130, Athens FAE Tax Office), which holds 74.62% of the share capital of the Company and which has stated to the Board of Directors of the Company that it intends to continue holding its participating interest as follows: (1) until

the completion of the increase, and (2) for a period of six months after the commencement of trading of the new shares.

More specifically, its participation in the increase according to its preemptive right amounts to (existing shares 3,707,405 X new 6 shares X 0.05 € / shares =) 1,112,221.50 €.

Another main shareholder of the Company is the Joint Investor Share Ioannis Filippou, that holds 10.88% of the share capital of the Company and which shall announce its intentions regarding its participation on the date of the meeting of the General Assembly, which will decide on the increase of the share capital.

- 2.2.4. Information about the issue price, as well as whether the issue price may be higher than the market price at the time of detachment of the preemptive right (§ 4.1.3.13.2. [1f] of the ATHEX Rulebook).

The issue price is proposed to be € 0.05 per share and may be higher than the market price at the time of detachment of the preemptive right.

- 2.2.5. Information about the reasons that caused the Company shares to be traded in the 'Under Surveillance' segment, as well as any developments and actions by the Company relating to these matters. (§ 4.1.3.13.2.[2] of the ATHEX Rulebook).

The Company shares are traded in the 'Under Surveillance' segment since 09.07.2020 according to resolution no. 2118 / 08.07.2020 passed by the ATHEX Listings and Market Operation Committee (§ 3.1.2.4. of the ATHEX Rulebook), because in the annual financial report for the year 2019, losses were greater than 30% of equity.

Since then the financial standing of the Company has deteriorated due to, in addition to the above mentioned (in § 2.2.2.) consecutive crises (financial crisis due to the memoranda, coronavirus pandemic, increase in energy costs, raw materials, etc., reduction of credit time, deterioration of financing conditions offered by banks), which resulted in increased production costs, reduced overall consumption and, consequently, reduced production and overall financial result for the Company (turnover, losses, lack of liquidity), the recent war in Ukraine, which continues and has a negative impact on the Greek economy in general.

Regarding the developments and actions of the Company, we note that the main pillars of the strategic planning are the consolidation of the commercial policy, the continuous improvement of the produced goods (cartons) with emphasis on innovation and value for money solutions, thus offering to our customers the exact type of cartons, which meet their modern needs, on the simplification of the structures aiming at the most efficient and effective operation of the Company, on the strengthening of the trust with its customers and the improvement of the market shares and on the more efficient utilization of the Company's available resources. The Management is firmly committed to the implementation of its strategic planning, continuously evaluating the ever changing data of the current economic situation, so as to redefine its needs, whenever necessary.

In the current fiscal year the international uncertainty remains, and it is not possible to make a reliable prediction as to if and when the Company will exit the 'Under Surveillance' segment.

- 2.3. As results from the above, and on the condition that the General Assembly of the company shareholders approves the aforementioned (§ 1) decrease of the share capital, it is proposed that, simultaneously with the decrease, the Company's share capital be increased as follows:
- 2.3.1. The increase of the share capital of the Company by the amount of € 1,490,580.00, with the issuance of 29,811,600 new dematerialized registered shares with voting right of a nominal value of € 0.05 each, with a sale price of € 0.05 per share, which may be higher than the stock market price at the stock option ex-date, with stock option to the old-existing shareholders as well as listing of the above shares for trading on the Athens Stock Exchange.

- 2.3.2. The shareholders who have said pre-emptive right may purchase new shares in the ratio of six (6) new shares for every old share of the Company.
- 2.3.3. The deadline for payment of the increase in cash may not exceed 4 months from the day of registration of the resolution of the General Assembly at the General Electronic Commercial Registry (article 20 § 2 of law 4548/2018).
- 2.3.4. The deadline for the exercise on the part of the existing shareholders of the pre-emptive rights for the acquisition of new shares will be 14 days and will be offered to: (a) whoever appears to be a shareholder in the records of the Dematerialized Securities System (DSS), managed by the "Hellenic Central Securities Depository SA" (ATHEXCSD) at the record date according to article 5.2. of the ATHEX Rulebook, if that person retains said rights at the time of their exercise, and (b) whoever acquires pre-emptive rights during the trading period of these rights on the ATHEX. The pre-emptive right is transferable and will be traded on the ATHEX up to three (3) business days prior to the expiry the period for its exercise.
- 2.3.5. Not to issue fractions of new shares and the holders of new shares to be entitled to a dividend from the profits of the fiscal year 01.01.2022 - 31.12.2022 onwards, in accordance with applicable law and the Company's Articles of Association, in case the Ordinary General Assembly of the Company decides the distribution of a dividend for said fiscal year and if the new shares have been credited to the DSS accounts of the beneficiaries at the ex-date of the right to receive a dividend.
- 2.3.6. In case there are undisposed shares, despite the exercise of the pre-emptive rights as above, it is proposed to authorize the Board of Directors of the Company to, according to article 26 § 4 of law 4548/2018, sell them at its own discretion through private placement (i.e., through a procedure that does not constitute a public offering within the meaning of Regulation 1129/2017) at a price that will not be less than the exercise price, otherwise the share capital of the Company will be increased only by the amount of the final coverage in accordance with article 28 of Law 4548/2018, as such is in force (partial coverage).
- 2.3.7. As a result of the increase, and provided it is fully covered, the share capital, after its decrease, will amount to $([3,974,880.00 \text{ €} - 3,726,450.00 \text{ €} =])$ 248,430.00 € + 1,490,580, € 00 =) € 1,739,010.00, divided into 34,780,200 common registered shares of a nominal value of € 0.05 each.
- 2.3.8. To provide authorization to the Board of Directors of the Company with the right to further authorize any of its members or Company employees in order for the Board of Directors to: (a) set out the ex-date of the pre-emptive right, the trading period, the expiry of the payment deadline, (b) proceed, in general, to all necessary actions and to make all arrangements for the above increase and the listing of the new shares to be traded on the ATHEX.

The above corporate action presupposes the passing of a resolution by the General Assembly of shareholders, which must be convened by 30.06.2022 and the amendment of the relevant article 5 of the Company's Articles of Association.