

# **Report**

## **OF THE INDEPENDENT NON-EXECUTIVE MEMBERS**

### **THE BOARD OF DIRECTORS OF "PROFILE SYSTEMS & SOFTWARE S.A."**

### **TO THE ANNUAL ORDINARY GENERAL MEETING OF SHAREHOLDERS**

### **OF MAY 12<sup>th</sup> 2022**

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#### **INTRODUCTION**

This Report is submitted jointly by the Independent Non-Executive Members of the Board of Directors of the Société Anonyme under the name "PROFILE SOCIETE ANONYME COMMERCIAL AND INDUSTRIAL IT COMPANY" and the distinctive title "PROFILE SYSTEMS & SOFTWARE S.A." (hereinafter referred to as the "**Company**"), to the Annual General Meeting of Shareholders on May 12<sup>th</sup> 2022, in accordance with the provisions of article 9 par. 5. Law 4706/2020.

#### **I. COMPOSITION OF THE BOARD OF DIRECTORS**

**1.1** The Administrative Board of the Company consists of an appropriate combination of executive, non-executive and independent non-executive members, in accordance with the spirit and philosophy of good corporate governance practices during the decision-making process, not to be dominated by an individual or a small group of individuals and to promote within this corporate body, various views, in order to ensure its smooth and unhindered operation and the enhancement of productivity, competitiveness and innovation of the Company.

**1.2** The existing Board of Directors of the Company is seven members, consisting of:

- (a)** two (2) executive members (President- Chief Entrepreneur and CEO),
- (b)** three (3) non-executive members and
- (c)** two (2) independent non-executive members.

The CVs of the members of the Board of Directors are available on the Company's website (<http://www.profilesw.com>)

**1.3** The independent non-executive members meet in their entirety the conditions and criteria of independence laid down by the current legislative and regulatory framework in general (Article 9(1) and (2) of Law 4706/2020), namely:

- (a)** do not hold directly or indirectly a percentage of voting rights greater than 0.5% of the Company's share capital and

**(b)** they are free from any relationship of dependence with the Company or associated with persons within the Company and have no financial, business, family, or any other kind of relationship, which may affect their decisions and their independence, objective and impartial judgment.

**1.4** In compliance with and in line with the best corporate governance practices and in order to ensure that all the members of the Board of Directors are allocated the necessary time for the effective exercise of the responsibilities and duties associated with their position, and to avoid the excessive burden of other professional commitments, none of its members of the Company's Board of Directors, participate to more than five (5) companies the shares of which are listed and traded on regulated markets.

## **II. FINDINGS – NOTICES – RECOMMENDATIONS OF INDEPENDENT NON-EXECUTIVE MEMBERS**

**2.1** During the closing fiscal year 2021 (01.01.2021-31.12.2021) the independent non-executive members of the Board of Directors held meetings without the presence of any other member thereof, executive, or not.

**2.2** At these meetings , the following were noted:

**(a)** the proper functioning of the Board of Directors and the existence of a clear separation of responsibilities at management level, in accordance with the Company's Articles of Association, the Company's EFL and the Corporate Governance Code adopted by the Company.

In particular and in accordance with the provisions of the current Internal Regulation of Operation of the Company, the duties of the Chairman of the Board of Directors and those of the Chief Executive Officer are exercised by different persons, while in full compliance with the provision of article 8 par. 2 of Law 4706/2020 and taking into account the fact that the President of the Board of Directors is executive member, the Vice-President of that corporate body shall be one of its non-executive members;

**(b)** the continuation of the implementation during the fiscal year ended 31.12.2021, on the one hand, of the smooth transition of Mr. Charalambos Stassinopoulos to the role of Chief Entrepreneur, a position established by virtue of the relevant decision of the Board of Directors dated 30.11.2020, in order to ensure the business continuity of the Company and the systematic enhancement of the business activity both of the Company and the Group, and on the other hand the substantial assumption by Mr. Evangelos Angelides of the duties of the CEO of the Company and the realization of the transition to the new regime of governance under conditions of normality, unity and constructive cooperation,

**(c)** the non-executive members of the Board of Directors have no management power, except for the general duties reserved for them by their capacity as members of the Board of Directors, which (duties) include:

- ✓ the monitoring and examination of the Company's strategy and its implementation, as well as the achievement of its objectives,
- ✓ ensuring effective oversight of executive members, including the monitoring and control of their performance at individual and collective level;
- ✓ expressing views on proposals made by executive members on the basis of existing information;
- ✓ constructive participation and criticism in the decision-making of the Board of Directors.

**(d)** the exercise of the duties of the executive members of the Board of Directors (President the Board of Directors & Chief Executive Officer), in accordance with the law, the Articles of Association and the legal decisions of the General Meeting, with the sole aim of promoting the corporate objectives and plans, the proper management of the Company's assets and the achievement of the set objectives,

**(e)** the absence of any conflict between the private interests of all the members of the Board of Directors and the interests of the Company and the appropriate observance and strict implementation of policies, mechanisms and procedures for the prevention, recognition and effective treatment and management of conflicts of interest situations,

**(f)** the demonstration by all the members of the Board of Directors of the necessary professionalism, ethos, consistency, integrity, and the dedication of sufficient time in the performance of their duties,

**(g)** the implementation of the corporate strategy according to the planning of the respective Business Units, in order the Company to continue to be distinguished for the promotion of innovative products and services of high quality, the foundation of long-term relationships of trust and the creation of a sense of intimacy in its transactors,

**(h)** the recognition, evaluation and appropriate management of the main business and financial risks that the Company faces or may face, as well as the other issues that may have a significant impact on its financial statements, according to the size and complexity of its activities, and their detailed listing and reference to the relevant Section of the Annual Management Report of the Board of Directors,

**(i)** the conduct of the Company's internal audit in accordance with the applicable legislative and regulatory framework in general and the principles of the Code of Ethics, the coverage of

the company's main activities and the adequacy of the Company's management and organization systems , with a view, on the one hand, to a reliable presentation of the financial figures that constitute the image of the economic unit and, on the other hand, to the timely diagnosis of any irregularities, errors, weaknesses and possible fraud that may result in mismanagement and/or loss of assets of the Company,

**(j)** the necessity of establishing a substantial and appropriate procedure for the evaluation of the performance and effectiveness of the Board of Directors and its more specific Committees.

**(iia)** the need to provide additional information and training to the members of the Board of Directors, even with the assistance of external consultants – collaborators, regarding market trends and emerging risks, environmental issues, sustainable development issues, issues related to new technologies, developments in the context of corporate governance, etc., on issues related to new technologies, developments in the context of corporate governance, etc., on I aim at the Company's full compliance with the legislative and regulatory framework in force from time to time.

Moreover, the provision of additional information and training does not only contribute to the enhancement of knowledge, the strengthening of the skills and abilities of the members of the Board of Directors and the support of their personal development, but also to the improvement of the effectiveness and operation of the collective body in general and its individual Committees.

**(ib)** the necessity of submission of a relevant request of the independent members of the Board of Directors to the Company's Management for organizing, conducting and implementing educational and other informational programs, with the distribution of the necessary supporting material, which will be reviewed and updated regularly, in order to take into account the ever-changing needs of the market and the economic, social and political conditions that are evolving from time to time.

Nea Smyrni, 29<sup>th</sup> of April 2022

The Independent Non-Executive Members of the Board of Directors

Antonios Roussos

Emmanouil Tsiritakis