

The Pharmaceutical Investment Handbook for Greece (PiHG)

September 2021
Athens

Limiting Factors

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Abbreviations

3PL: Third-Party Logistics	ICT: Information, Communication & Technology
AI: Artificial Intelligence	ICU: Intensive Care Unit
AIA: Athens International Airport	IDIKA: E- Government Center for Social Security Services
API: Active Pharmaceutical Ingredient	IKA: Greek Social Security
Avg.: Average	IMF: International Monetary Fund
AWS: Amazon Web Services	IPO: Initial Public Offering
B2B: Business to Business	ISAE: International Standard on Assurance Engagements
B2C: Business to Customer	IT: Information Technology
bn: billion	IoT: Internet of Things
BSc: Bachelor in Science	IVF: In Vitro Fertilization
CAGR: Compounded Annual Growth Rate	Km: Kilometers
CAPEX: Capital Expenditure	Kwh: Kilowatts per hour
CE: Cost Effectiveness	MBA: Master's of Business Administration
CERN: European Organization for Nuclear Research	LGBT+: Lesbian, Gay, Bisexual and Transgender/Transsexual and Related Communities
CIT: Corporate Income Tax	LMP: Locally Manufactured Products
CO2: Carbon dioxide	MSc: Master in Science
CRO: Contract Research Organization	mn: million
DDD: Defined Daily Dose	m3: cubic meter
DEI: Public Power Corporation	MAH: Marketing Authorization Holder
DESI: Digital Economy and Society Index	MoH: Ministry of Health
DTC: Daily Therapy Costs	MoU: Memorandum of Understanding
E.U.: European Union	NATO: North Atlantic Treaty Organization
EDYTE: National Network of Technology and Research Infrastructure	NGO: Non-Governmental Organisation
EFGA: Unified Social Security Fund	NHS: National Healthcare System
eHDSI: eHealth Digital Service Infrastructure	OAED: Greek Manpower Employment Organization
EIF: European Investment Fund	OBI: Industrial Property Organization
EID: European Investment Fund	ODIPY: National Organization for Quality Assurance
EOPPY: National Organization for Healthcare Provision	OECD: Organization for Economic Co-operation and Development
EOY: End of Year	OPEX: Operating Expenditure
EPC: European Patent Convention	OTC: Over The Counter
EPO: European Patent Office	Pharma: Pharmaceutical
EPS: Electronic Prescription System	PhD: Doctor of Philosophy
ESCO: Energy Service Company	PM: Prime Minister
ESG: Environmental, Social and Governance	pMDI: pressurized Meter Dose Inhaler
EU: European Union	Post-doc: Post-doctoral
EUR: Euro	R&D: Research & Development
Excl.: Excluding	RES: Renewable Energy Source
FTE: Full-Time Equivalent	RRF: Recovery and Resilience Facility
FY: Fiscal Year	RRP: Recovery and Resilience Plan
GATT: General Agreement on Tariffs and Trade	RWE: Real-World Evidence
GDP: Gross Domestic Product	S&P: Standard & Poor's
GGB: General Secretariat for Industry	SE: Southeastern
GHG: Greenhouse Gases	SEPE: Labor Inspectorate Body
Gov: Government	Sq.m: Square Meters
GP: General Practitioner	STEM: Science, Technology, Engineering and Mathematics
GSRI: General Secretariat of Research and Innovation	Th.: Thousands
GVA: Gross Value Added	U.S. : United States
H2:2021: Half of 2021	WHO: World Health Organization
HEIs: Higher Education Institutions	WTO: World Trade Organization
HTA: Health Technology Assessment	Yrs: Years
ICER: Incremental Cost-Effectiveness Ratio	

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1. Executive Summary

Investors' Highlights – Political & Macro-economic Context

Greece, is considered an attractive destination for investors due to the stable political environment and the positive economic outlook. After demonstrating resilience and effectiveness in managing the pandemic, Greece has secured a total funding of € 30.5 bn (RRP) to be distributed in the economy.

A Stable Political Environment



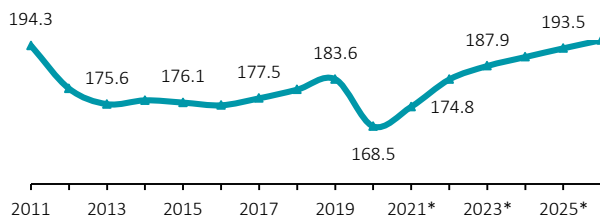
The country follows a parliamentary democratic system with a non-executive President, with most constitutional provisions remaining constant since 1975. Recent elections have yielded a parliament whose members are evenly spread out across the political spectrum, with the governing party positioned as center-right. Developments over the past decades have redesigned the status of local governance, which is to support the government more integrally across several services and tasks.



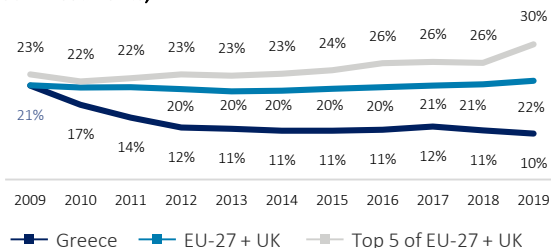
Recent political developments have stressed the significance of investment, tax structure transparency, labor market liberalization and the digitization of government services. The focus in the years to come is on these categories as well as infrastructure, education, health, security and the environment, with the objective to create sustainable growth across all sections of Greek society.

A Constantly Improving Macroeconomic Environment

Gross Domestic Product, in € bn.



Fixed Investments, as % of GDP



The Greek economy experienced significant turmoil over the last decade, but is already demonstrated signs of solid recovery; a trend which is also depicted in the mid-term projections.

Tourism is a key element of economic activity in the country, as it's an horizontal industry encompassing sectors such as trade, recreation, real estate etc. The contribution of tourism in 2019 was 12.5% of GDP directly and 27.5% to 33.1% of GDP indirectly.

The improved prospects of the Greek Economy are also confirmed by the recent upgrades in the country's credit ratings by all major rating houses.

Greece indicates a cumulative investment gap of over +€130 bn. compared to the EU average; bridging that gap is expected to be the key means to secure further growth and sustainable wealth creation for the next years.

A Dependable Response to COVID-19

The country's response to the COVID-19 pandemic was decisive, as the number of infections was contained. Specifically, the government focused on strengthening the national healthcare system, which is now enhanced (+14% in healthcare professionals, +136% in ICUs), and serves as an immensely important asset for current and future situations. Regarding the vaccination roll out, approximately 3.5 million Greeks were vaccinated as of June 28th, enabling the government to lift the stricter measures.

Note*: The sum of grants was recently reduced from € 18.4 to € 17.8 bn; there hasn't been an official announcement yet regarding on how this reduction is allocated per investment pillar

The Greek RRP

The Greek RRP has designated a set of four focus areas as the main beneficiaries of RRP funds, which include both grants and loans to be returned at a later date on favourable terms.

- Sum of Grants*: € 17.8 bn
- Sum of Loans: € 12.7 bn
- Leverage Effect & Others: circa € 40.0 bn

Grand Total:
€ 70.5 bn
by the end of 2027

1 Green Transition
€6.17 billion

2 Digital Transformation
€2.20 billion

3 Employment, Skills & Social Cohesion – €5.18 billion

4 Private Investment & Economic Transformation – €4.88 billion

Investors' Highlights – Doing Business in Greece

Overall, Greece is posing a compelling case for foreign strategic investments, by leveraging on its key structural competencies, like its location and climate as well as the underutilized skilled workforce, innovation ecosystem and rationalized labor and tax structures.

Athens as a Strategic Business Hub with Quality Infrastructure



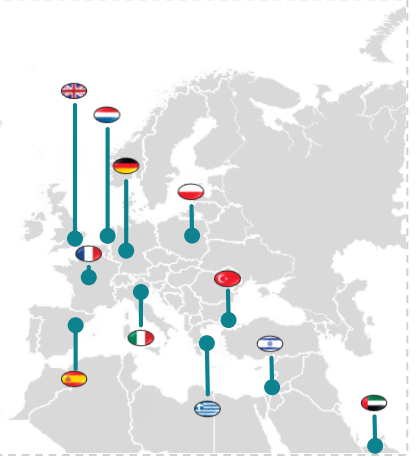
Greece is located in a strategic position, bridging the West and EU with Middle East and Asia; The country's location is optimal to facilitate business travel, as there are minor time differences with other major regional hubs while geographic proximity enables daily trips.



Even though the country's unique morphology poses a challenge in terms of infrastructure, Greece has been steadily investing in upgrading its existing network, achieving to demonstrate a competitive case for trade and transportation of goods.



Notably over the past years, Greece has managed to upscale its energy network with ambitious programs to phase out lignite and go towards renewable energy, while in terms of telecom infrastructure, Greece has been investing steadily towards 5G expansion and further connectivity.



Available Skilled Workforce



Unemployment is on a gradual fall while the minimum wage and total labor cost are increasing although still below the E.U average. Current timing presents a significant opportunity for potential investors, as at the moment there is un-met supply of skilled labor at a relatively low cost.



Greeks are demonstrating a clear tendency towards achieving higher education, with enrollment rates of young people in tertiary education being higher than both OECD and EU benchmarks. At the same time, Greece offers a high quality of educational infrastructure, setting the fundamentals for the creation of a highly-skilled and educated workforce.



Greece has made notable progress in improving its performance in key drivers of migration; coupled with traditional pull forces (family, culture, climate, nostalgia etc.) and the fact that the bulk of immigrants are already away from Greece long enough to meet their desired timeframe of return, a reverse brain-drain momentum has been initiated.



When it comes to attracting expats and digital nomads, Greece's competitive advantage lies on cultural and geographical aspects of the country facilitating the transition of expats and offering leisure options, promoting a healthy work-life balance. As the economic outlook of the country is improving and financial uncertainty is being reduced, Greece is expected to increase its attractiveness for foreign workers.

Maturing Innovation Ecosystem



Greece is home to a vibrant research & innovation community with the presence of both universities and private companies in major cities facilitating the creation of many and quality research centers and technology parks across the country.



The Greek Startup Ecosystem provides various funding, mentoring and networking opportunities, while the Greek Government created "Elevate Greece", a national platform for startups, to further foster innovation & entrepreneurship.



The Greek Start-Up Ecosystem was brought into the spotlight during the financial crisis and keeps growing ever since. 2020 marked the first signs of maturity, with a record amount of funding received. Among the Greek Startups, a large proportion operates in the Life Sciences sector.

Regulatory & Tax Highlights



A new labor law was recently introduced, modernizing the functions of the Greek labor market and containing reforms that allows for extra flexibility for potential investors and employers; indicatively measures like flexible working agreements, increased overtime capacity and the new lay-off framework can proven beneficial for the efficient function of the labor market.



Corporate taxation was recently reduced from 24% to 22%, while branch tax rate and capital gain tax rate is also at 22% (Capital gains are not taxed separately but are treated as regular business income).



In terms of personal tax income, depending on the annual salary, different rates apply, varying from 9% in the lowest tax scale to 44% in the highest (applicable for incomes higher than 40,000 €). Capital Gains are taxed at 15%.

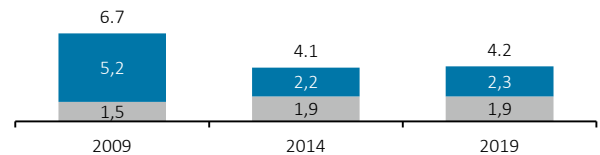
Investors' Highlights – Healthcare Overview

While healthcare spending has remained low following Greece's economic crisis, structural reforms and improving economy point to the improvement of healthcare in the future. Also, future demand for pharmaceuticals is expected to rise, given Greece's ageing population and epidemiological profile.

Still Recovering Pharmaceutical Spending

In the period recovering from the crisis (post-2009), the government has undertaken great cutbacks in healthcare and pharmaceutical spending, increasing the share of contributions by the industry and households respectively. Compared with the rest of the EU, per capita expenditure is low and private sector contribution is much greater, leading to suboptimal public health outcomes in this field.

Total Pharmaceutical Expenditure, in € bn



Positive Recent Developments in the Field

While spending has remained low due to the government's fiscal consolidation endeavors, promising structural changes within the sector over the past years are expected to lead towards a more effective, economical and well-equipped healthcare system in the future:

Reforms

- **E-prescription**, to monitor prescribing behavior & dispensing patterns set therapeutic protocols.
- **National HTA process**
- **Increasing use of generics**, prescription by active substance & max price with branded drug as benchmark
- **Structural reforms**, creation of a unified health fund & redesign of primary care

Still, there is work to be done, including on the set of mandatory returns & discounts in place for healthcare and pharmaceutical spending. While this was implemented as a temporary measure, it still remains in place:

System of Mandatory Returns & Discounts (Rebates & Clawback)

- In containing costs and ensuring an operational healthcare system, the government instituted a system of mandatory returns and discounts for pharma expenditure, according to which companies are required to contribute with:
 - Rebates** (mandatory discounts based on their total sales to the public sector)
 - Clawback** (returns to cover the amount in excess of the budget of the public sector)
- While the measure has indeed curbed public spending, the burden falls on pharmaceutical companies to cover spending. In addition, there is risk for **moral hazard**, with public authorities not incentivized to rationalize provision, doctors overprescribing and patients overconsuming, without having to bear the costs.



Such basic issues, combined with **recent developments in this sector (EU Surveillance Reports, Clawback Offsetting Legislation, Greece 2.0/RRP)** indicate that the current system is under pressure to change.

Shifting Pharmaceutical Demand Profile

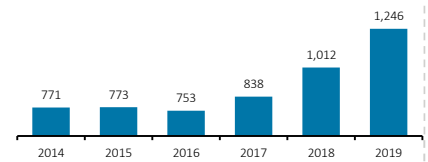
- In line with most developed countries, the Greek population is aging. As a result, people reporting **suffering from chronic health problem** or chronic disease are expected to **increase**, with the corresponding implications this may have for the healthcare system.
- Data indicates that a portion of deaths are attributed to **behavioral factors** such as smoking, dietary habits and low physical activity. Alcohol does not present a great issue in terms of mortality, being among the lowest in the EU.
- In general, **the epidemiological landscape in the country is changing**, with historically leading causes of death currently on a downwards trend and new threats emerging (diabetes, some types of cancer).

Investors' Highlights – Pharmaceutical Value Chain

The pharma industry is showcasing a notable dynamism and constitutes a strategic national industry; The maturity of business environment & the increased attractiveness of production factors, create room for significant opportunities across the value chain.

The production and distribution of pharmaceutical products consists one of the most dynamic sectors of the Greek economy as it contributes significantly both to the employment and to the output. Namely, the industry has been improving its performance throughout the economic crisis of the early 2010's and current pandemic, constantly undertaking new investments. In 2019, the GVA of domestic pharmaceutical production was estimated at €1,246 mn.

Gross Value Added, in € mn



Research & Development

- ❖ The levels of Pharma R&D Activity in Greece is rather limited; however, during the last years, Greece indicates a growth trend in the total number of submitted patent applications & patent grants as well as in those related to Medical, Biotechnology & Pharmaceuticals fields.
- ❖ With the recently introduced EU regulation, the process for conducting clinical trials has been made simpler and more transparent, leading to increase in the number of clinical trials undertook in Greece (from 134 in 2017 to 175 in 2020).
- ❖ R&D and clinical trials are areas that have already been attracting investors' interest with many players already announcing ambitious investment plans, driven by significant tax incentives, quality innovation ecosystem & workforce.

Manufacturing

- ❖ The fundamentals for Greece as a sourcing country are in place for pharma companies to consider within their wider strategies
- ❖ Production output has been steadily increasing, especially from 2017 to 2019 (YoY annual growth 6,5%, 18,2% and 24,4%), while a sharp increase in the industrial production index indicates enhanced efficiency (+92% in Q4 2020 vs 2015),
- ❖ With a total of 20% of pharmaceuticals being manufactured contractually already, there is a significant opportunity for multinationals to form joint ventures in production and scale up their operations in Greece.
- ❖ The Manufacturing space has already been attracting investors' interest with many players already announcing ambitious investment plans, driven by significant tax incentives, quality infrastructure & workforce.

Distribution

- ❖ The strict regulatory framework that governs pharmaceutical wholesalers pharmacies is hindering investment flow in this part of the pharmaceutical value chain, leading to a rather stable and timeless snapshot.
- ❖ Nevertheless, both wholesalers and retailers have demonstrated resilience and reliability throughout the financial crisis, strengthening the entire pharmaceutical supply chain as a whole. The pharmaceutical distribution industry constitutes a good and trustworthy collaborator for pharmaceutical companies, securing the go-to-market fundamentals.

Sales & Marketing

- ❖ Demonstrating a positive momentum, sales value grew by a CAGR of 1.6% for the period 2012-2019, reaching € 6.7b in 2019, while volumes increased at a CAGR of 2.6%.
- ❖ The pricing regulating framework in Greece contributes to the higher penetration of both generics, as well as off-patent drugs in the market, as the mechanism in place is driving prices far below EU averages.
- ❖ Given the observed increasing trend in both health and silver tourist markets, combined with the governmental plan to further boost these areas, pharmaceutical companies would be indirectly benefited by increasing their sales & reach.

Services

- ❖ Currently, most companies are present in the Greek market with branches/subsidiaries, responsible for products' commercialization. Given the favorable business environment, quality workforce and tax incentives that Greece is offering, pharma companies are expanding their operations by establishing business and clinical supporting services.
- ❖ Opportunities to provide additional (beyond-the-pill) services can be found across therapeutic areas, especially in cases of long-term conditions that require fundamental lifestyle changes, and taking into account the trends in demand drivers, pharma companies are already exploring the possibility of testing and launching new and innovative services.

Investors' Highlights – Incentives Overview

Notable incentives have been launched in the past few years, aiming to grow local investments and attract Foreign Direct Investments by incentivizing activities throughout the pharmaceutical business landscape and value chain. Specifically:



Research & Development

- ❖ **R&D tax superdeduction (Tax Law 4172/2013):** Eligible R&D expenditure are super deducted by 200% while equipment and scientific instruments used in R&D activities are further subject to an increased tax depreciation rate of 40%.
- ❖ **Pharmaceutical clawback offset (L.4633/2019):** MAHs for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of R&D expenditure.
- ❖ **Patent Box (Tax Law 4172/2013):** The first three years of profits attributable to international patents are not subject to tax. The tax for the covered profits is deferred indefinitely.
- ❖ **Strategic investments (L.4608/2019):** Streamlines the licensing process while offering cash grants for R&D projects.
- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish R&D shared service centers.



Manufacturing

- ❖ **Pharmaceutical clawback offset (L.4633/2019):** MAHs for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of CAPEX expenditure.
- ❖ **Development Law 4399/2016:** Manufacturing of basic pharmaceutical products and pharmaceutical preparations is eligible to receive state aid under Development Law.
- ❖ **Strategic investments L.4608/2019:** Streamlines the licensing process while offering a range of incentives to large strategic investments of pharma companies (such as a new production unit).
- ❖ **Tax Incentives for Green & Digital Investments CAPEX:** According to government announcements, green & digital assets will be super depreciated by an extra 100%, in the context of the national Recovery and Resilience Plan (RRP).



Distribution

- ❖ **Development Law 4399/2016:** Only 3PL logistics are eligible to receive state aid under Development Law, under sector "H52 - Warehousing and support activities for transportation"
- ❖ **Strategic investments L.4608/2019:** Streamlines the licensing process while offering a range of incentives to large strategic investments of pharma companies (such as a new warehouse/logistics center with robotic technology).
- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish either a new service or a new recipient of an existing service and the new service activity generates new jobs.
- ❖ **Tax Incentives for Green & Digital Investments CAPEX:** According to government announcements, green & digital assets will be super depreciated by an extra 100%, in the context of the national Recovery and Resilience Plan (RRP).



Sales & Marketing

- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish either a new service or a new recipient of an existing service and the new service activity generates new jobs. Eligible service activities include consulting services, drafting of studies, advertising and marketing and computer-based call center activities.



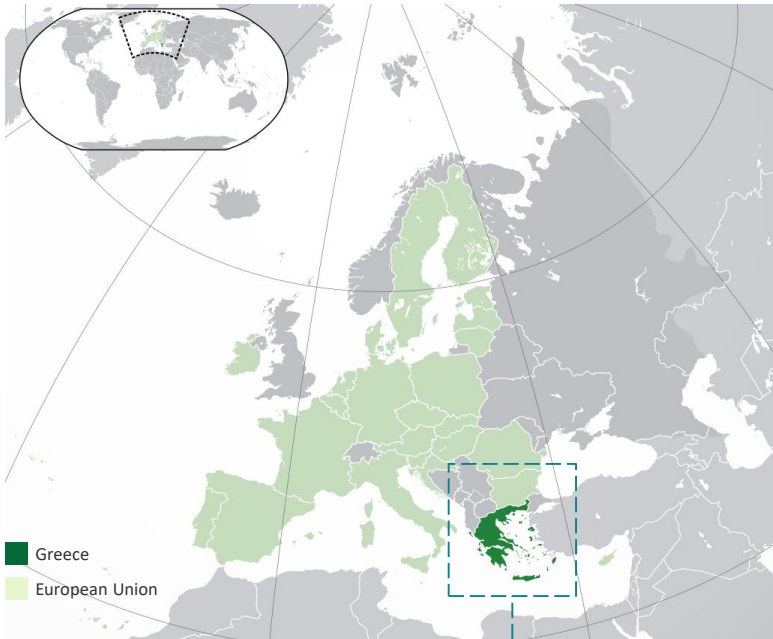
Services

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2. Political & Macroeconomic Environment

Country Overview

Greece is a peninsular country, located at the crossroads of Europe, Asia, and Africa. As part of the EU, Greece uses the Euro as its currency, and aligns with European political standards. Most of its population resides in big cities, while some citizens are distributed across the countryside and islands.

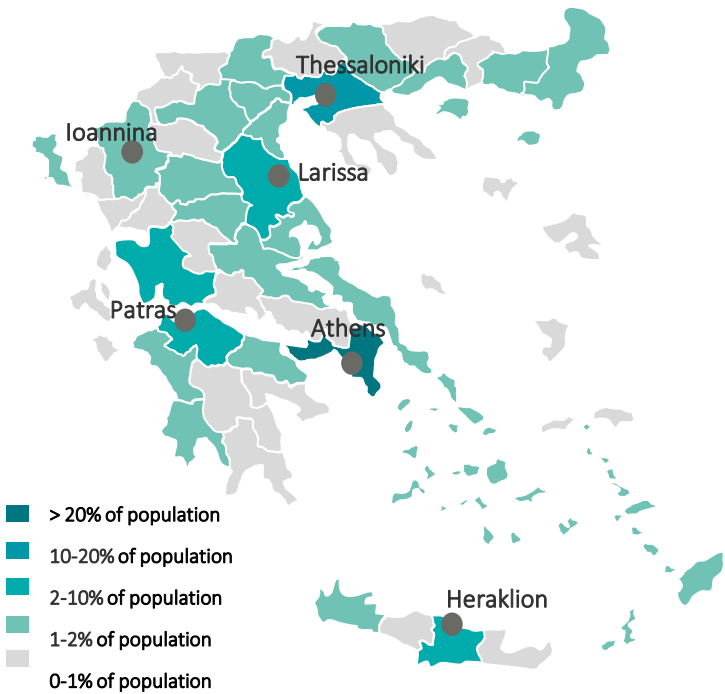


Strategic location dominating the Aegean sea linking the EU, Asia and Africa

Indicative Facts & Figures

- Land Area and neighboring countries:** 131.957 km², Albania, Bulgaria, Turkey, North Macedonia
- Population:** 10.718.565
- Weather / Climate:** Mediterranean
Hottest Month: August - 29°C
Coldest Month: January - 10°C
- Time Zone:** Eastern European (GMT+3)
- Currency:** Euro
- Life Expectancy:** 82 years
- Geography:** Southernmost tip of Europe, and Balkan Peninsula, connecting the Mediterranean sea with the Black sea

Map of Greece & Population Distribution per Region, (2011)



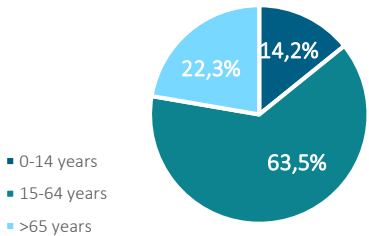
Source: Hellenic Statistical Authority 2018 and 2020, IOVE
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An Urbanized Population

The majority of the Greek population is located in or near major cities such as Athens, Thessaloniki, Patras, Heraklion, Larissa and Ioannina. Specifically, Athens and Thessaloniki host approximately 44% of the entire population.

Population Distribution by Age Group

Most of the Greek population is in the productive age group of 15-64 years, with small proportions in the groups of 0-14 years, and over 65 years.



Source: Hellenic Statistical Authority 2018

Political Environment: A Stable & Decentralized System

The Greek Political System has exhibited considerable stability over the years, with institutional features remaining constant, parties remaining balanced along the political spectrum and a strong component of local governance taking on day-to-day administrative tasks.

Structure of the Political System

The Greek political system has shown significant institutional stability ever since its establishment by the constitution in 1975. The state is a parliamentary democracy system with main institutional roles as presented below:

President Of The Democracy	The President of the Democracy acts as a non-executive Head of State, elected by parliament for a 5-year term. They are responsible for ensuring adherence to the Constitution and assigning the government.
Prime minister	The acting President of the Government, providing guidance and coordination with regard to government actions and policy. Usually are the leader of the party with parliamentary majority.
Ministers	They are the heads of the Ministries they are assigned to, supervising, coordinating and directing actions in the relevant policy areas. Together with the Prime Minister form the Ministerial Council.
Parliament	Also known as the Vouli, it is the main legislative body of the Greek State. It consists of 300 elected members (Members of Parliament) who are either party-aligned or independent.



Eligibility for Elections: Universal direct suffrage over the age of 18.



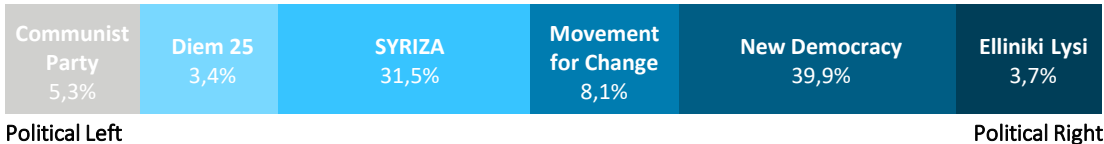
Election System: every 4 years, or sooner if called by the current government. Proportional representation.

Current Parliament

The government in place is headed by Kyriakos Mitsotakis of the **New Democracy Party**, with a 39,85% share of votes in the 2019 election & a majority of seats in parliament. Main ministries include: **Development & Investment, Digital Policy, Finance, Health and Labor, Social Insurance & Social Solidarity**. The tenure of the government ends in 2023.

The rest of the parties in Parliament span across the political spectrum – the main opposing forces are **New Democracy** (center-right to right-wing) and **SYRIZA – Coalition of the Radical Left** (center-left to left-wing), with governing parties usually positioned around the center with tendencies to either the left or the right. Parties in parliament include:

Parties in Greek Parliament positioned on an ideological spectrum with corresponding vote shares, (2019 elections)



Source: Ministry of Interior 2019

Role of Local Governance

Decentralization is an important aspect of the Greek political system and considerable effort has been given to make sure that it manages to meet the demands of the public. The latest program, “Kallikratis”, established in 2011, tackles responsibility overlap by reducing the total number of municipalities and specifying a dual level of local governance:

Districts

- 13 in number
- Include 843.171 people on average
- Responsibilities include, among others, Planning, Development, Management of Natural Resources, Trade & Tourism, Transport and Health on a district level.

Municipalities

- 325 in number (from 910 previously)
- Include 33.727 people on average
- Responsibilities include Quality of Life, Employment, Social Care & Solidarity, Education, Culture & Sport and Civil Protection on a municipal level.

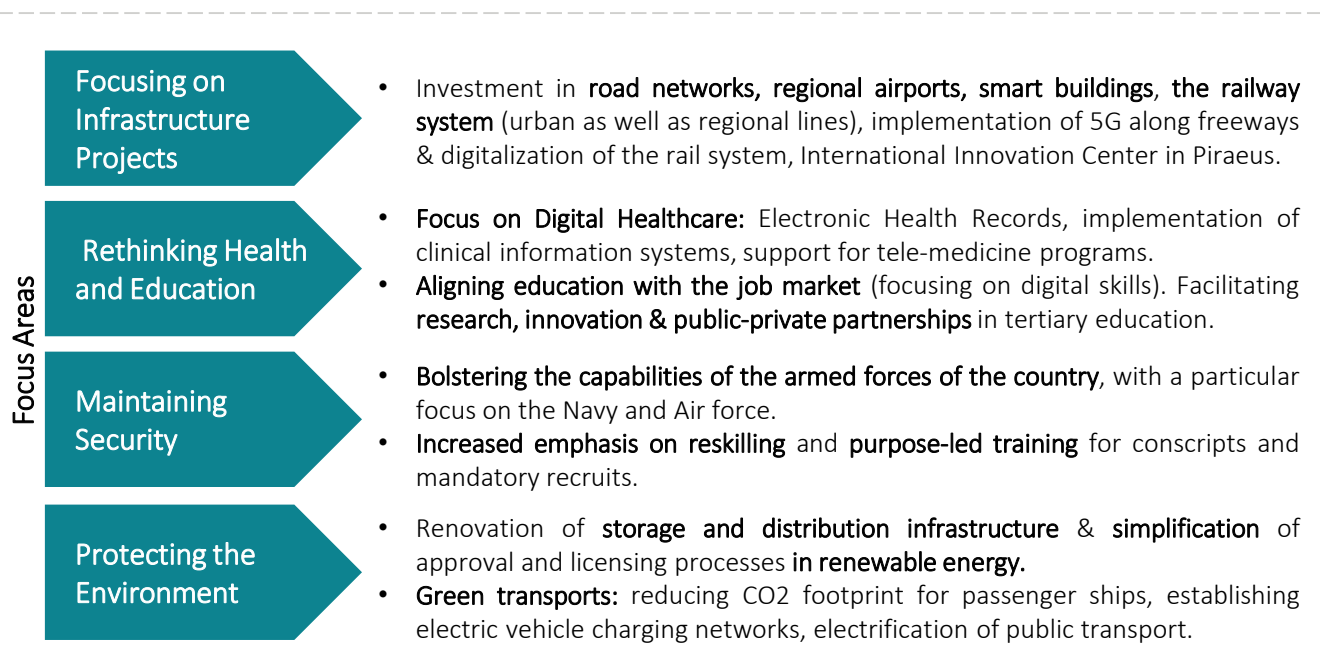
Political Environment: A Roadmap to Growth

The Greek Government has proceeded with a number of implemented / planned reforms to provide a stable and pro investment institutional framework designed to align with European digitalization initiatives and climate guidelines to attract prosperity and ensure security within the nation.

In the areas of investment, tax, the labor market and digital governance, implemented reforms aim towards improving efficiency within the market, aligning incentives and increasing the country's attractiveness abroad.



At the same time, planned reforms and focus areas work towards rebuilding the country's infrastructure & stock of human capital, securing a stable diplomatic environment.



Political Environment: *Greece as an Integrated part of the World*

Greece's long-standing participation in international organizations further reinforces the political and institutional framework currently in place and provides valuable opportunities for coordination, cooperation and mutual support across sectors with derestricted sharing of resources.



European Union

Greece has been a member of the European Union since 1981, recently celebrating its 40th anniversary of first joining. Greece has been extensively involved with the organization's projects, being a part of the Schengen area since 2000 and the Monetary Union since 2001.



Organization for Economic Co-operation and Development

Greece has been a member of the OECD since 1961. The country is currently leading the Global Strategy Group, in which policy-making and international cooperation in a post-pandemic world will be discussed, and presented a top-3 candidate for the position of the Organization's next Secretary General.



North Atlantic Treaty Organization

Greece has been an active member of NATO since 1952, upholding its dedication to international peace and security and operating within a framework of political and diplomatic stability and mutual understanding with other NATO members and third party countries.



World Health Organization

Greece has been a member of World Health Organization since 1948. The Organization recently founded a Country Office in Athens in 2018 to enable closer cooperation with the Ministry of Health and support the country's progress in terms of the Sustainable Development Goals. Given the successful response by the Greek National Health System and ODIPY, the national quality assurance body for healthcare services, a new WHO Center of Excellence for Quality of Patient Care and Patient Safety opened in Athens in 2021.



World Trade Organization

Greece has been a member of the WTO since 1995, also participating in what was formerly the GATT since 1950. The country participates both on its own and as a part of the E.U. collectively, testament to its commitment to free international trade.

Greece's extensive membership in organizations of international coordination and cooperation aligns well with its interest in maintaining stability at home, in relationships with other countries and in the broader international environment, as well as its strategic position in the Balkans & the East Mediterranean. Despite its size, the country has proven to be a pillar of stability for its European and Western counterparts, while at the same time maintaining a balanced relationship with the majority of nations in the region.

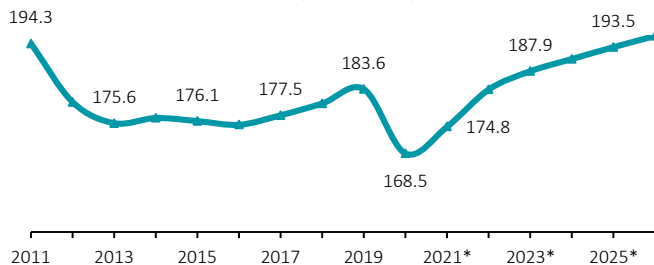
Economic Environment: A Mature Economic Environment

While the Greek economy experienced significant turmoil over the last decade, the country has demonstrated signs of solid recovery; a trend which is also depicted in the mid-term projections. Tourism has been a key element of the economic activity in the country.

Macroeconomic Outlook: Gross Domestic Product

Following years of economic recession, Greece is making a rebound and expecting rise in GDP growth despite the severe worldwide impact of the COVID-19 pandemic.

Gross Domestic Product, € bn (2011-2025)



- The **COVID-19 pandemic** was a major setback to that recovery (a fact depicted also in the rest of the Euro Area). Lockdowns, increased public health risk and a sharp fall in activity in the tourism sector led to a decrease in GDP, that is expected, however, to be **temporary**.
- The Greek economy is **expected to grow** and the country is projected to be **on par** with the rest of the **Euro Area** in terms of GDP growth on its way to full recovery.

Gross Domestic Product, YoY % Change

	2020	2021*	2022*	2023*
	-6.67	+4.43	+3.82	+1.94
	-8.25	+3.76	+5.0	+2.35

*Projected figures.

Source: IMF April 2021

The **economic uncertainty** caused by the COVID-19 pandemic, is leading most institutions to **revise** their **projections** frequently; Both **OECD & European Commission** have revised their projections for Greece (+3.8% and 4.1% respectively – May 2021), while recently (Sep. 2021) the **PM of Greece** announced the **upwards revision** of GDP growth **from 3.6% to 5.9%** due to the successful touristic season.

Sectoral Composition of the Greek Economy

The top-3 sectors of the Greek economy, accounting for over half of national GDP in 2020, include:

- Trade:** €33 bn (~ 23.1%)
- Public Administration:** €32 bn (~ 22.3%)
- Real Estate Activities:** €26 bn (~ 17.5%)

Tourism has been a key element of the economic activity in the country. Tourism is a 'horizontal' industry encompassing sectors such as Trade, Real Estate Activities, Recreation, etc.

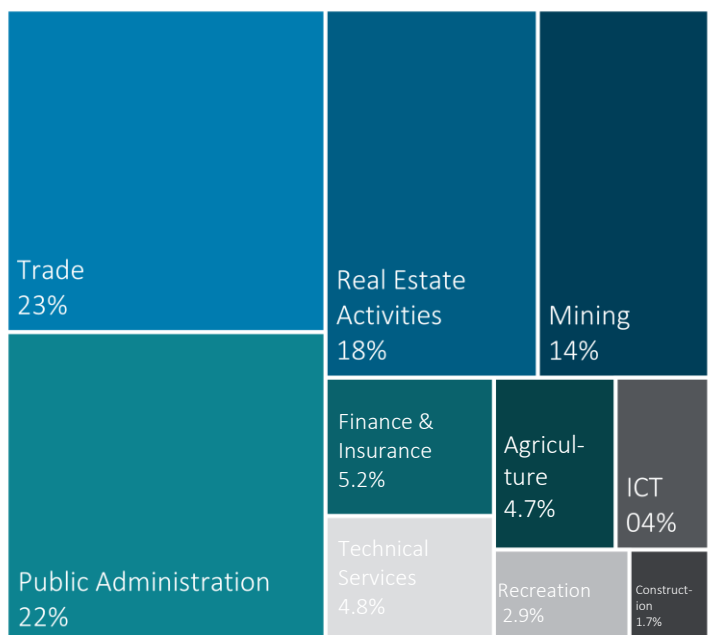
The **overall contribution of tourism**, in 2019 was estimated to be:



12.5% in direct contribution to GDP (2019)

27.5-33.1% in indirect contribution to GDP (2019)

GDP per sector, % of total (2020)



Source: Hellenic Statistical Authority 2020

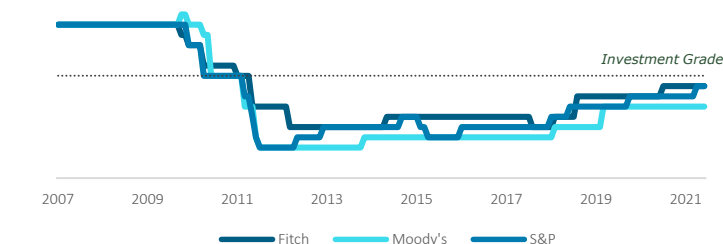
Economic Environment: *Strong Prospects for Recovery*

The improved prospects of the Greek Economy are also confirmed by the recent upgrades in the country's credit ratings by all major rating houses. Attracting investments is one of the key priorities of the current government to lay out the foundations for further growth and sustainable wealth creation.

Better Lending Terms

As implemented reforms start to materialize and Greece continues to recover from the financial crisis of the previous decade, lending terms continue to improve. **A series of credit rating upgrades by major agencies** over the past few years attest to this **increased confidence in the debt markets**.

Credit Ratings, Fitch, S&P, Moody's (2007-2021)



Source: Public Debt Management Company 2021

Most Recent Upgrades

- S&P: From BB- to BB (April 2021)
- Fitch: From BB- to BB (January 2021)
- Moody's: From B1 to Baa3 (November 2020)

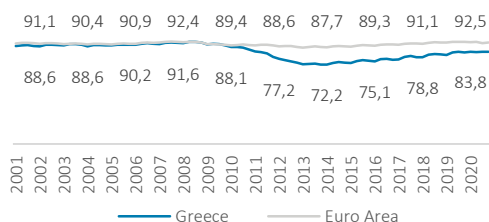
The upgrades are of paramount importance since they reduce the level of uncertainty regarding the future state of the economy and restore creditworthiness towards international investors.

Gradual Recovery in Employment

Despite the sharp decrease during the crisis, employment rate is **steadily increasing** mainly due to the adoption of **significant labour market reforms**.

This sustained improvement in the labour market is expected to fuel **private consumption growth** and **GDP** accordingly.

Employment Rate, % of Workforce (2001-2020)



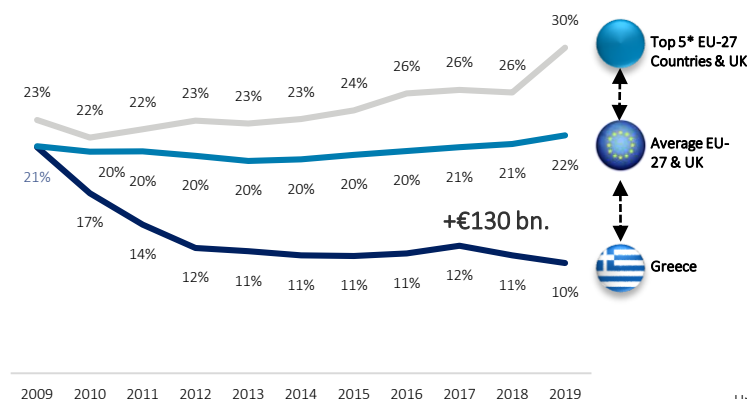
Source: Hellenic Statistical Authority 2021

Investment Opportunity

Greece indicates a cumulative investment gap of over +€130 bn. compared to the E.U. average. Bridging the investment gap is one of the key priorities of the current government, as it lays out the foundations for **further growth and sustainable wealth creation** creating a considerable momentum for the next years.

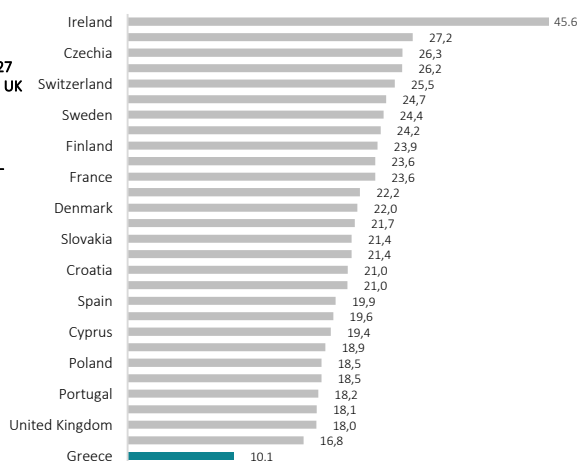
Fixed Investments, % of GDP (2009-2019)

*Top 5 EU-28 for 2019: Ireland, Hungary, Czechia, Estonia, Sweden



Source: IMF 2021, OECD, Economist Intelligence Unit

Fixed Investments, % of GDP per country (2019)



COVID-19 Perspective: A Success Case in Containing the Pandemic

Greece has responded effectively to the Covid-19 pandemic and has so far managed to contain the spread of infections, mainly due to government measures aimed at strengthening the health system.

Evolution of the Pandemic

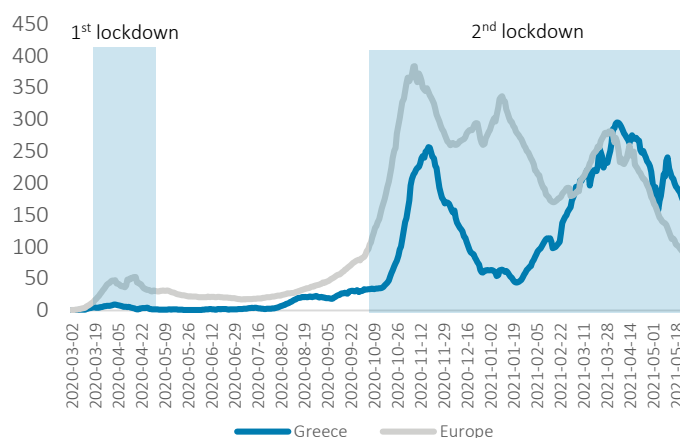
The pandemic in Greece effectively started in February, with the implementation of a first lockdown in early March. The situation improved during the summer, only for the country to enter a harsher second lockdown in early November, where decisive restrictions remained in place until mid-2021. Measures during the lockdowns include:

1st Lockdown (Mar. 23rd – May 4th): Closing of non-essential businesses, restrictions in transit, work & education.

2nd Lockdown (Nov. 7th – May 14th): Restrictions re-established & curfew enforced across the country.

With total cases falling, the availability of diagnostic tests increasing and the vaccination program progressing, the government is phasing out restrictions into late May and June 2021, signaling a return to normality.

Number of New COVID-19 Cases per Million,
(26 Feb. 2020 to 30 May 2021)



*Europe includes: Albania, Andorra, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Monaco, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom

Source: Our World In Data 2021

An Improved National Health System

Since the beginning of the pandemic, there has been a successful recruitment of medical personnel and targeted increase in ICU capacity in Public Hospitals to preserve the ability of the National Health System to handle the pandemic. Namely:



Health professionals in the National Health System increased from **88.690 to 100.984 (~14%)** (June 2019 to Nov 2020)

Number of ICU units increased from **557 to 1,316 (~136%)** (June 2019 to EoY 2020)

With cases gradually declining, the resources put into national healthcare and the increased readiness of professionals will make for a more resilient, effective and better coordinated system, more capable of dealing with both the current pandemic and healthcare needs in the future.

Source: Minister of Health Brief Nov. 2020

Vaccination Rollout

Vaccination is proceeding as per the government's predetermined 3-phase plan, based on parameters such as existing health conditions, age group and profession to optimally prioritize vaccine delivery. The plan has proceeded to its last phase, where vaccinations are offered to the broad public.

As of July 12th:



4.331.934 vaccinations completed

41.6% of population fully vaccinated

In terms of total vaccinations, Greece compares well with the rest of the EU:



EU: **40.0%** of population fully vaccinated



Germany: **42.4%** of population fully vaccinated



Italy: **39.0%** of population fully vaccinated



France: **38.3%** of population fully vaccinated

Source: EODY, ECDC 2021

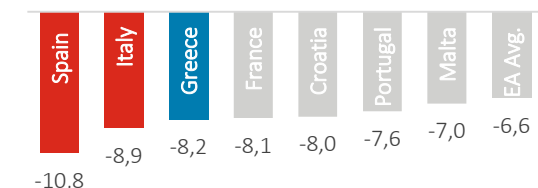
COVID-19 Perspective: *Damage Containment in the Economy*

Given the country's heavy reliance on tourism, the economy demonstrated resilience as recession was contained at 8.2%, contrary to comparator countries. Overall, prospects and projections for the future are characterized by positivity and Greece is expected to recover in monetary terms by 2023.

Impact on the Economy

For the year 2020, Greece was among the countries most hardly hit by the pandemic in terms of GDP growth.

GDP Growth, % change (2020)

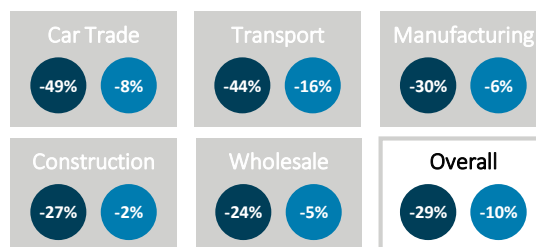


Source: Eurostat 2021

This economic impact was not equally distributed throughout sectors of the economy. Some sectors performed much better during the second lockdown, 'adapting' to new ways of operation as the crisis progressed. Given Greece's **heavy reliance on tourism** and its supportive industries, **efforts** by the government **to support the economy led to a containment of the recession at ~8% for 2020.**

Sales Growth per Sector, YoY % change (2020)

Sectors that 'adapted' from one lockdown to the next:



Sectors impacted through both lockdowns:



● 1st lockdown (Apr.-May 2020) ● 2nd lockdown (Nov.-Dec. 2020)

Source: National Bank of Greece 2021

Prevalent throughout the pandemic is the impact on tourism – a 75% decline in sales for the tourism sector greatly affected directly and indirectly related sectors, especially during the second lockdown.

*Sales in Accommodation are considered to be seasonal due to tourism – the second lockdown was bound to have greater impact in any case.

Direct Political & Institutional Action

To mitigate the adverse economic impact of the pandemic and the consequent lockdown measures, the Government proceeded with a series of actions to alleviate pressures on businesses and employees, including

- extensions & suspensions of tax collection
- insurance contributions
- labor legislation
- issues of bank loan payments / financial installments, focusing on the facilitations provided for businesses.

At the same time, easing on EU-level fiscal rules allowed Greece to join other countries in circulating much needed cash into the economy, alleviating pressures in the short run while continuing with structural reforms to aid recovery. Specifically, Greece noted:



2.6% growth in Government Consumption (2020)

3.5% forecasted annual growth in Gov. Consumption (2021-2025)

Source: Economist Intelligence Unit

Prospects for Recovery

Due to swift action within National Healthcare System the situation in hospitals remained under control and economic activity was able to resume under some restrictions. Given the progress of the vaccination program and success in dealing with the pandemic so far, the Greek economy is on track to grow and achieve full recovery in the next years. Specifically, projections mention:



2.5 to 3.7% growth in GDP 2021, bouncing back during H2:2021

5 to 5.5% growth in GDP in 2022

pre-COVID-19 GDP levels by 2023



Car Trade, Construction, ICT projected to surpass their 2019 levels by H2:2021

Source: National Bank of Greece 2021

Greece 2.0: Greece in the Intersection of Multi-Billion Recovery Plan

With the EU issuing €672.5 bn in loans and grants through the Recovery and Resilience Facility (RRF) to help mitigate the economic impact during COVID-19, the Greek RRP secured €30.5 bn in additional funds to be distributed across the economy, offering opportunities for comprehensive reforms and growth throughout the economy.

Overview of the RRP



Main Measures & Objectives

- Ambitious reforms and investments, aspiring to an extroverted, competitive, green and digital model



Not Just Investments

- Fundamental economic and social transformation, which affects not only the economy, but also technology, attitudes and institutions via reforms
- A transition that combines economic efficiency with social cohesion and justice



Economic Strategy

- Extensively using Public Private Partnerships as a method of materializing public investments
- Using Energy Service Companies (ESCOs) for energy efficiency projects in the public sector
- Using co-financing through various financial instruments to leverage very significant additional private resources in the implementation of eligible private investments
- As for the functioning of the public sector, the plan envisages significant investments and reforms enhancing their quality, efficiency, and inclusiveness.

The Four Pillars of the Greek RRP

The Greek RRP has designated a set of four focus areas as the main beneficiaries of RRP funds, which include both grants and loans to be returned at a later date on favourable terms. The breakdown of total funding is as follows:

Sum of Grants 17.8 Billion €* 	Loans 12.7 Billion €	= 30.5 Billion €		circa 40 Billion € (Partnership Agreements-ESPA, National Growth Program)	= 70.5 Billion € by the end of 2027
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The Greek government identified the following four pillars as the main objectives to be supported by additional funds provided by the RRP, expecting that positive developments in these areas will yield benefits across the economy:



1 Green Transition
€6.17 billion



2 Digital Transformation
€2.20 billion



3 Employment, Skills & Social Cohesion -- €5.18 billion



4 Private Investment & Economic Transformation – €4.88 billion

Economic Outcomes

The **Greek RRP**, along with lasting, **structural change**, also aspires to **ambitious improvements** in the economy. Namely:

- An increase in **real GDP** by **7%** by 2026
- Creation of **180,000 new jobs**
- A growth of **20% in private investments**
- **Higher productivity** and **reforms** that will drive long-term GDP and employment gains

In 2021-2026, the **positive economic impact** is mainly expected to originate from increased private investment financed by **grants (c.€2.5bn)** and mainly loans, in contribution with **increased public investment** financed by **grants**.

Note*: The sum of grants was recently reduced from € 18.4 to € 17.8 bn; there hasn't been an official announcement yet regarding on how this reduction is allocated per investment pillar

Source: Greece 2.0 Report 2021

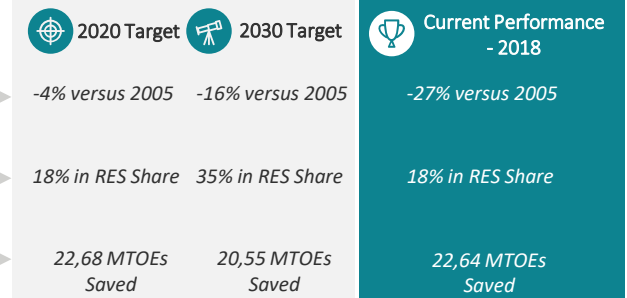
Sustainability: A Driver for Future Growth

Greece has made considerable progress with regard to the national carbon footprint, the utilization of renewable energy sources across industries, locations and applications, as well as ESG standards.

The National Energy and Climate Plan

Greece is undertaking an ambitious environmental transition plan, focusing on areas such as energy and emission reduction. The country is on track to achieve the objectives set out in the 2019 National Energy & Climate Plan submitted to the EU Commission:

- **Total Greenhouse Gas Emissions (GHG)** to be reduced by 16% compared to 2005 levels
- Lignite factory phase-out by 2028 & increasing **Renewable Energy Sources (RES)** share in final energy consumption to 35%
- Achieve an improvement in **energy efficiency** (according to EU metrics)



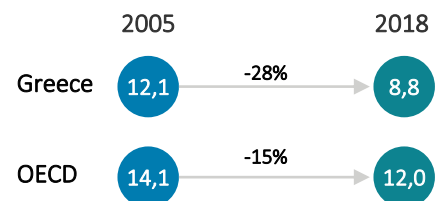
Note*: MTOE: Million Tons of Oil Equivalent; metric to measure energy efficiency as it indicates the equivalent the energy released by "burning" one tone of oil

Curbing Greenhouse Gas Emissions

The main focus areas for Greece in successfully reducing greenhouse gas was the rationalization of energy consumption and the use of cleaner fuels throughout the economy. As a result, GHG emission intensities remained well below OECD levels, with proportional change in GHG emissions in the period 2005-2017 being greater than the OECD Average, pointing to the success of efforts in this area.

Source: OECD 2021

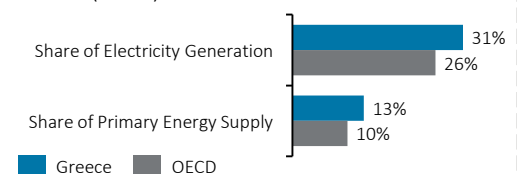
GHG emissions, intensities per capita, Tonnes of CO₂ equivalent per capita



Renewable Energy Sources in the Forefront

Greece's transition to renewable energy was mainly focused on wind and solar photovoltaics. Compared to the OECD, the country has been fast in integrating and scaling up such RESs as a key part of energy infrastructure. Namely, in 2018, renewables accounted for 13% of total primary energy supply and 31% of electricity generation, above the respective OECD averages of 10% and 26%.

Shares of renewable energy, % of overall metric (2018)



Use Case – Tilos

As part of the EU Horizon 2020 programme, the small island of Tilos (500 inhabitants) supported a pioneer energy system comprising of a 800kW wind turbine, a 160kW photovoltaic park and storage system, operating a fully renewable microgrid.

Source: OECD 2021

ESG Reporting in Greece

There has been a number of initiatives with regard to Environmental, Social and Governance (ESG) reporting and the publication of sustainability metrics over the past years in Greece. Indicatively:

The ESG Reporting Guide, developed by the Athens Stock Exchange Group, is mandatory for listed-entities with over 500 employees and enhances Greece's transparency, and accountability on sustainability matters.

Greek enterprises with turnovers of over €700.000, and more than 10 employees, are required by law to report on environmental and social issues on a yearly basis.

3. Doing Business In Greece

Ease of Doing Business: *Improvement in Performance*

Developments within the country and abroad have facilitated doing business in Greece especially in reducing bureaucracy and simplifying processes.

The World Bank Ease of Doing Business Index

The **ease of doing business score**, published by the **World Bank** measures the gap between a particular economy's performance and the best practice and serves as basis for the ease of doing business rankings. Scores capture the gap of each economy from **the best regulatory performance** observed on **ten indicators** depicted below and is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. Greece's performance is compared to the following neighboring countries and partners within the EU:

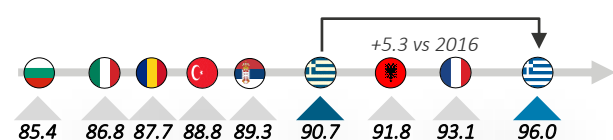


Comparator
Economies

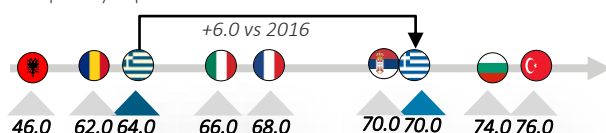
Greece (2020 & 2016)

Progress
Across
Time

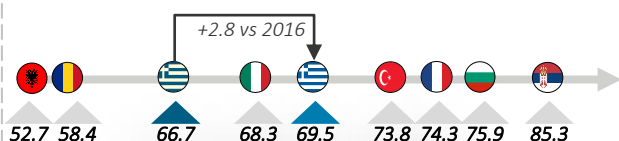
1. Starting a Business: measures the time and cost of complying with all procedures officially required for an entrepreneur to start up and formally operate an industrial or commercial business.



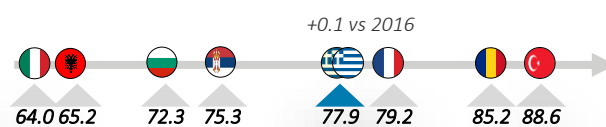
6. Protecting Minority Investors: measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse



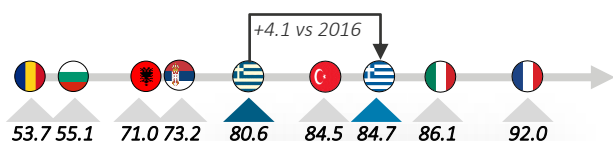
2. Dealing with Construction Permits: measures all procedures required for a business in the construction industry to build a standardized warehouse, along with their associated time and cost



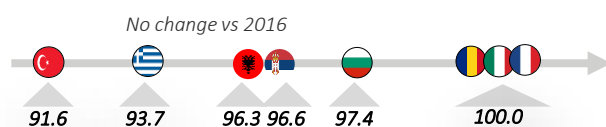
7. Paying Taxes: measures the taxes and mandatory contributions that a medium size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions and complying with post-filing procedures.



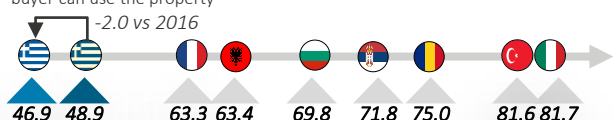
3. Getting Electricity: measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse.



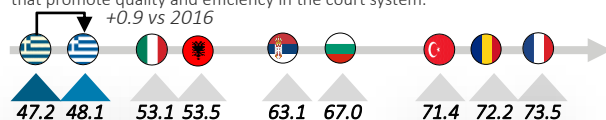
8. Trading Across Borders: records the time and costs estimates associated with documentary compliance, border compliance and domestic transport within the overall process of exporting or importing a shipment of goods.



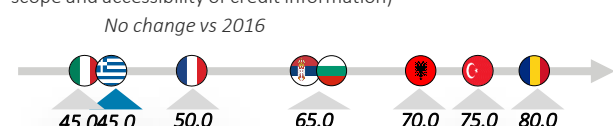
4. Registering Property: measures the time, cost and full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property



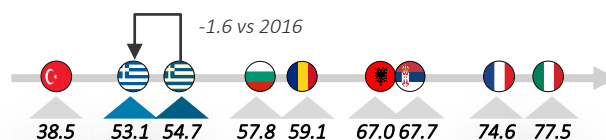
9. Enforcing Contracts: measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system.



5. Getting Credit: measures the legal rights of borrowers and lenders with respect to secured transactions through one set of indicators and the reporting of credit information through another (e.g. coverage, scope and accessibility of credit information)



10. Resolving Insolvency: measures the time, cost and outcome of insolvency proceedings as well as the strength of the legal framework applicable to judicial liquidation and reorganization proceedings.



Infrastructure & Geography: A Competitive Business Location

Greece's strategic position between Europe and Asia is offering significant business opportunities and is contributing into making the country an attractive destination for foreign strategic investments.

A Strategic Crossroad

Due to its geographic position, Greece, has traditionally been holding an important geopolitical role in the Eastern Mediterranean region and constitutes a strategic crossroad especially for industries like transports, energy and trade.

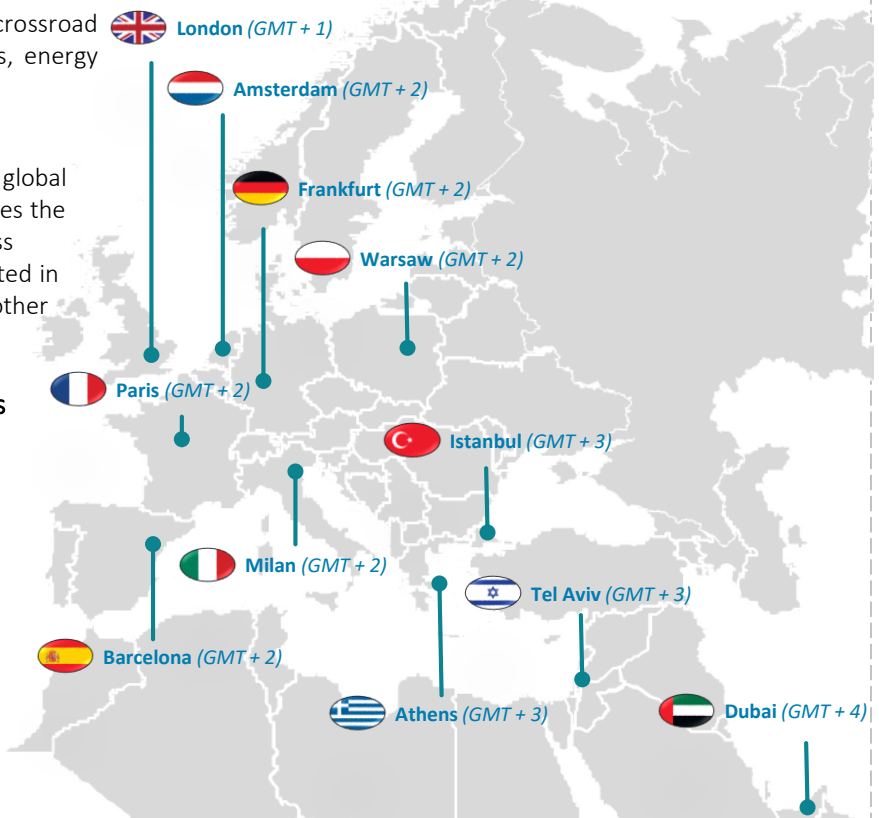
Global Collaboration

Greece's geographical position enables global and regional collaborations, as it provides the opportunity to both of Regional Business Centers employees and executives located in Greece, to collaborate and travel with other important business hubs in the area.



Average Flight Time to Athens

London	→ 3h & 45 min
Frankfurt	→ 2h & 45 min
Paris	→ 3h & 10 min
Barcelona	→ 2h & 55 min
Milan	→ 2h & 25 min
Amsterdam	→ 3h & 30 min
Warsaw	→ 2h & 40 min
Istanbul	→ 1h & 25 min
Tel Aviv	→ 2h & 5 min
Dubai	→ 4h & 30 min



Athens International Airport Competitiveness

By benchmarking the performance of AIA versus competitive airports of business hubs areas, El. Venizelos is demonstrating a similar dynamics to host and facilitate business travel. Furthermore, AIA is currently undergoing the construction of a new terminal, expected to increase capacity.

Source: Official airports websites

Data for 2019	El. Venizelos - Athens	Malpensa - Milan	El Prat - Barcelona	Ataturk - Istanbul
Int. Flights Arrivals	131,425	189,911	344,012	330,429
Int. Visitors Arrivals	25,573,933	24,561,735	52,713,457	52,586,995
# of Runways	2	2	3	5
Total Area	16,000 sq. m.	12,200 sq. m.	N/A	76,000 sq. m.

Air-Transport National Infrastructure

Currently in Greece there are 45 airports in total

- 15 are international
- 26 are domestic
- 4 are municipal

More than 20 projects have been announced that include the creation of new airports and the upscaling and expansion of the existing ones, with new runways and increased capacity.



Indicative Major Investment

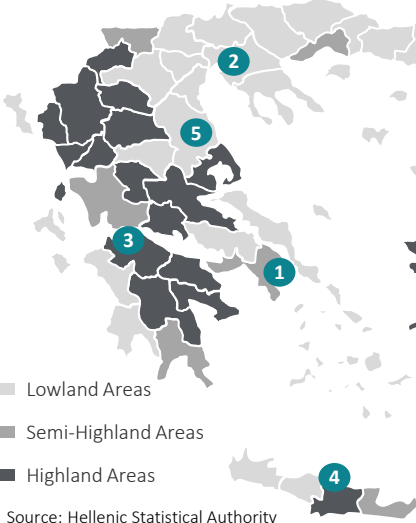
In 2018, Fraport acquired the license for operating, managing and developing 14 regional and island airports for 40 years. The acquisition price amounted € 1,234 billion, making it the biggest concession fee paid in the history of Greece. The company has announced an additional investment of € 400 million in improving and expanding airports infrastructure in the next years.

Infrastructure & Morphology: *Continuous Network Upgrade*

Even though the country's unique morphology poses a challenge in terms of infrastructure, Greece has been steadily investing in upgrading its existing network, achieving to demonstrate a competitive case for trade and transportation of goods.

Unique Morphology

Greece, even though conventionally considered a maritime county, poses significant challenges for land transportation due to its unique morphology and high altitude in the mainland.



1 Athens – 48% of Total GDP

Athens is the capital and has the most diversified economy in the country. The city has the most universities and most developed infrastructure nationally and a vibrant startup ecosystem. Most of the largest international and domestic corporations active in the country, have offices in Athens.

2 Thessaloniki – 14% of Total GDP

Thessaloniki is considered the major center of the North. High-quality infrastructure and skilled staff is available. With easy access to the Balkan countries, the city has the potential to become a major gateway from the East into the Balkans & SE Europe.

3 Patra – 5% of Total GDP

The city is the main connecting point to Italy & the Adriatic Sea – with high-quality infrastructure that includes ports, railways and motorways. With multiple quality educational institutions, Patras is hosting CERN's Business Innovation Center.

4 Herakleion – 5% of Total GDP

The city is a main hub for tourism, having two international airports nearby and a number of large ports, connected with international and domestic passenger and cargo routes.

5 Larissa – 5% of Total GDP

The city is centrally located within Greece, being close at most major centers. Thessaly in which Larissa lies accounts for 14.2% of the country's agricultural output, 6.5% of manufacturing, 5.2% of services. The area is optimal for industrial activities, including greenfield and brownfield investments.

Infrastructure Overview

Given the **unique morphology** of the country, Greece has a rather **sophisticated infrastructure** in place with multiple **upscaling projects** currently in the pipeline.



With **2,098 km of high-speed motorways**, Greece has the **largest network in the Balkans**. Currently, there are **more than 500km of upgrades** under implementation, including roadway **connections with Balkan countries** in the North.



The rail network in Greece is constituted of **679 km of railway lines**, a figure expected to increase with the **planned expansion of electric and double-lines** between major cities, with the joint contribution of private operators and the Greek state.



Maritime transportation, being a key building block of Greek transportation industry and economy as whole, is attracting the attention of investors from the globe. Currently, there are **140 ports (16 being international)** and major planned projects include the **upgrade of the new port of Patras** and the **development of Motorways of the Sea with Venice in the Adriatic Sea**.



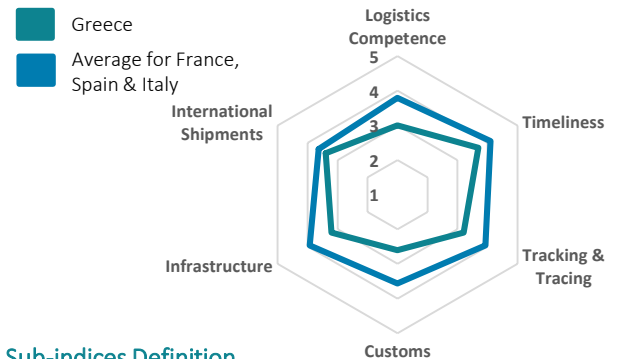
Indicative Major Investment

In 2016, COSCO acquired 51% stake of the port of Piraeus for € 612 mn, while within 2020 it's estimated that the company will further strengthen its position by acquiring 16% more. Furthermore, COSCO is planning to expand the port by building a 4th container terminal; an investment of € 300 mn, currently in the licensing phase.

Steady Improvement in Logistics Performance

As transport and distribution networks are **rationalized**, the country has **jumped from the 69th to the 47nd place** in the Logistics Performance Index (LPI) from 2012 to 2020.

Logistics Performance Index 2020



Sub-indices Definition

Customs - Efficiency of the clearance process (i.e., speed, simplicity & predictability of formalities) by border control agencies.

Infrastructure - Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology)

Int. shipments - Ease of arranging competitively priced shipments

Logistics competence - Competence and quality of logistics services (e.g., transport operators, customs brokers)

Timeliness - Timeliness of shipments in reaching destination within the scheduled or expected delivery time

Tracking & tracing - Ability to track and trace consignments

Source: World Bank

Infrastructure - Energy & Telecom: *Modernization & Connectivity*

Notably over the past years, Greece has managed to upscale its energy network with ambitious programs to phase out lignite and go towards renewable energy, while in terms of telecom infrastructure, Greece has been investing steadily towards 5G expansion and further connectivity.

Energy: Towards Renewables

Infrastructure Highlights:

- Reliance on lignite for energy production
- Process of de-carbonization under way since 2010s
- Reliable energy supply and transparency of tariffs

Future Plans:

- Withdraw most lignite plants by 2023, all by 2028

Phasing Out Lignite Energy

Greece has an abundance of lignite in its subsoil and the national power grid depends to a very great extent on its use. The country has **8 lignite plants that account for 42% of its installed capacity**, and produce **56% of DEI's net electricity generation**. Due to the significant environmental repercussions of lignite power, the national power authority has announced that **most lignite plants will be closed by 2023, replaced by renewable energy sources** such as wind and solar power **by 2025**.

Map of Locations with Energy Infrastructure in Greece

34 interconnected power plants in the mainland

30 autonomous power plants in the islands



Crete Power Grid Project

Greece is working on a €1bn project to connect the island of Crete to the Greek mainland (Athens & the Peloponnese) via a high-voltage, submarine cable. The project will be completed by 2023 and represents the country's efforts towards achieving national integration in the power system. Authorities aim to spend about 5 billion through 2029 to modernize the country's power grid. The project is expected to have €400mn per year cost savings & reduce CO2 emissions in Crete by 60%.

Telecom: Digital Maturity

Infrastructure Highlights:

- Liberalization of telecommunications market
- Development of mobile connectivity infrastructure
- Cellular phone penetration among the highest in the E.U.

Future Plans:

- Nationwide 5G & fiber optic network
- Wifi4G - public wireless internet access points

Focus on Mobile Connectivity

While the country is not ranking exceptionally on fixed broadband, its solid mobile performance positions it well for the adoption and extended functionality of emerging 5G and connectivity technologies.

	Rank	Speed	Rank	Speed
Greece	97th	37,71 Mbps	17th	86,70 Mbps
USA	11th	194,88 Mbps	18th	84,37 Mbps
UK	49th	93,03Mbps	24th	77,55 Mbps
France	9th	198.72 Mbps	26th	73,23 Mbps

● Fixed ● Mobile

Improvement in the DESI

The DESI Index for Greece displays a gradual rise that indicates increasing aptitude towards digitalization.

Digital Public Services

41.2

51.5

2018

2020

Use of Internet Service

39.3

46.1

2018

2020

Connectivity

26.0

33.4

2018

2020

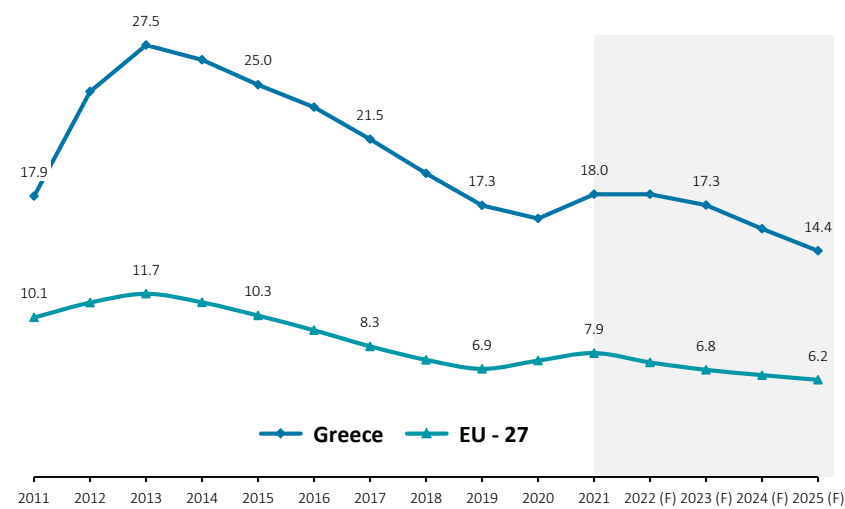
5G Infrastructure Optimization

5G Ventures S.A. and Vantage Towers have signed a partnership seeking to support enterprises that develop 5G capable products. According to the memorandum Phaistos Investment Fund will be deploying, testing, and optimizing 5G solutions on Vantage Towers Greece's portfolio of more than 5,200 towers, rooftops, and masts. The companies will be also cooperating on dedicated seminars and workshops to promote the Greek 5G ecosystem.

Labor Market Dynamics: *The Cost Advantage of the Labor Market*

Just like the rest of Greece’s economy, the job market has been adversely affected by the economic turmoil and has been gradually recovering ever since. Unemployment is on a gradual fall while the minimum wage is increasing although still below the E.U average. Current timing present a significant opportunity for potential investors, as at the moment there is un-met supply of skilled labor at a relatively low cost.

Gradual Recovery of Unemployment in Greece



Source: The Economist Intelligence Unit



Unemployment peaked at 27% in 2013 due to the effects of the Greek financial crisis. Due to the adverse situation in the labor market, the size of labor force dropped by ~5% from 2011 to 2019 (from 4.9 mn people to 4.6 mn people).

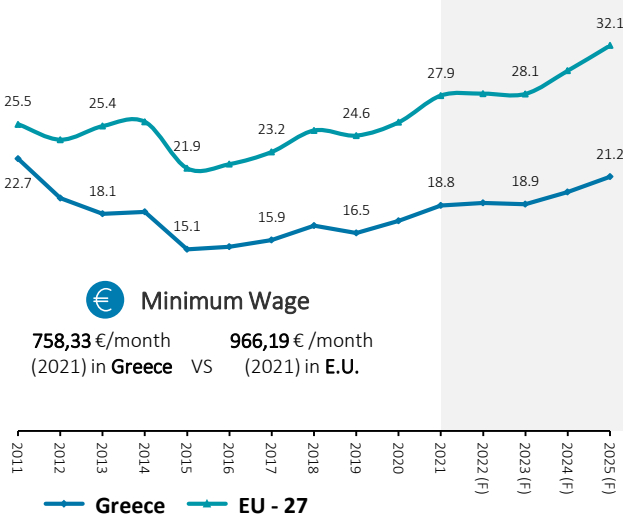


As stability is recovering, unemployment rates display a decreasing trend and a slow but steady recovery. Forecasted data project the size of the labor force to increase and stabilize at 4.7 mn people.

Labor Cost

Overall, the cost of labor is significantly lower in Greece, compared to the EU average. Cost of labor includes both wages and non-wages cost such as employer’s social contributions and employment taxes. The non-wage part of the equation is similar for both Greece and EU, as in the case of Greece, non-wage accounts for approximately 25.7% of total cost, while in the EU 25.9% of total cost refer to non-wage costs.

Labor Cost per Hour, in \$



Source: The Economist Intelligence Unit

Key Institutional Stakeholders



The **Ministry of Labor and Social Affairs** is the key **regulatory authority** for the labor market, while the **Ministry of Development and Investments**, is responsible for managing investors’ relationships.

EFKA (Unified Social Security Fund)

is the single **insurance fund** in Greece. The greater majority of salaried workers and other categories of assimilated employees are members of EFKA. The EFKA scheme is the **"general scheme** for the insurance of salaried workers in Greece" and covers the risks of sickness, maternity, old-age, invalidity and death.



OAED (Greek Manpower Employment Organization) is a special institution in charge of the **risk of unemployment**. Furthermore, it is the responsible institution for administering the family and unemployment benefits within the unemployment fund.

SEPE (Labor Inspectorate Body)

is the official compliance institution for labor in Greece. Recently, SEPE was recognized as an independent authority, a development that is expected to increase the efficiency and authority of the body.



Labor Market Dynamics: A Modernized Legislative Framework

The recently introduced labor legislation aims to strengthen remote working by introducing flexible working hours arrangements. Some key highlights of labor laws in Greece are described below:



Key Labor Framework Reforms

- Introduction of **flexible working arrangements pursuant to individual agreements**; 40 hours per week is fixed, but an employee can negotiate how those hours will be allocated between the days of the week; e.g. 10 hours per day for 4 days a week.

Note: This negotiation can be only initiated by the employee, not the employer.

- The number of **maximum overtime hours increased to 150 hours per year**; an overtime hour is compensated at 40% higher rate compared to normal hourly rate.



Digital Work Card

Greece will be the **third country in the E.U.** among France and Italy that recognizes the need to implement it, **following the trend of remote work** that was instigated during the pandemic.

With the digital work card the employee's working time will be **recorded in real time in an online IT platform ERGANI II**. Implementation of the digital work card will begin within the **first semester of 2022** in specific sectors of the economy.



Collective Agreements

A collective employment agreement is applicable when both the employer and the employee are members of the contracting trade unions. These may be:

- Sectoral-collective agreements, which cover employees working in the same sector.
- Enterprise-level agreements, which cover all employees working for a single company.

In addition, there are the **National General Collective Agreements**, which shape the **minimum terms and conditions of employment for employees nationwide**. Under Law 4093/2012, the National General Collective Agreements are binding for all employees and employers solely with regard to non-pay terms



Lay-Off Framework

- Lay-offs can be conducted either **under an emergency** (100% of reimbursement) or by providing a **notice and adequate time** afterwards (50% of reimbursement).
- **Depending on the years** of employment under the same employer, **reimbursement may reach twelve months of salary's worth**.
- Employee and employer may apply before a court for **additional compensation instead of re-employment in the event of invalid dismissal**. The amount of the additional compensation can't be less than regular pay corresponding to 3 months nor more than twice the statutory compensation in the event of dismissal.
- In a legal dispute, **the burden of proof** for an abusive lay-off falls on to the **employee**, not the employer (exceptions apply)



Leaves Framework

In a five-day employment schedule, the holiday time is calculated at **twenty days of holiday for the year of employment**. Beyond that, holiday time increases by one day. Furthermore, there are **9 official public holidays**.

Maternity leave include entitlement to **56 days maternity leave before the birth and for 63 days after the birth**. A 14-day paternity leave was also recently introduced. Maternity benefits include **a birth grant and a maternity allowance**.

Sickness absence within set limits depending on length of service is considered to be short-term and cannot be regarded as voluntary employee withdrawal.



Employee Benefits

Medical care, hospital care and hospitalization are provided for all insured individuals and is delivered by doctors contracted by EOPYY.

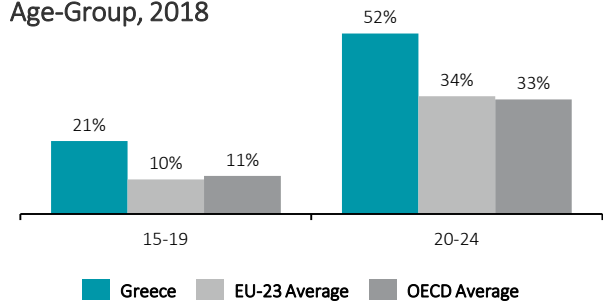
Employee **health benefits** also include:

- Diagnostic/laboratory/clinical tests
- Dental treatment, Physiotherapy, occupational therapy, speech therapy, psychotherapy
- Hospital treatment
- Supplementary healthcare (orthopedics, eyeglasses, hearing aids, prosthetics etc.)
- Obstetric care and IVF
- Vaccination programs

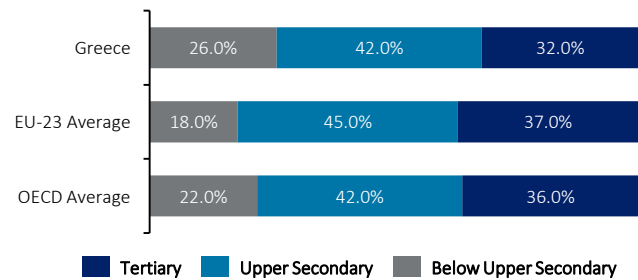
Education & Talent: A Highly Educated Workforce

Greeks are demonstrating a clear tendency towards achieving higher education, with enrollment rates of young people in tertiary education being higher than both OECD and EU benchmarks. At the same time, Greece offers a high quality of educational infrastructure, setting the fundamentals for the creation of a highly-skilled and educated workforce.

% of population enrolled in Tertiary Education per Age-Group, 2018



Education attainment for adults 25-65 years old, 2018



Source: OECD: Education at a Glance 2020

Strong Orientation Towards Education

By examining the enrollment and education attainment data, Greeks demonstrate a strong orientation towards attaining a high educational level. Even though, the percentage of adults aged 25-65 y.o. that attained tertiary education is smaller than EU and OECD averages, the significantly higher enrollment rates of the age groups 15-19 and 20-24 y.o. indicate an increasing trend in tertiary education attainment.



According to the Global Innovation Index for 2020, Greece is positioned in the top percentile in Tertiary Education Enrollment sub-index (Total countries: 129)

Education as part of the Greek Culture

Education is a central component of the Greek culture and holds immense value within the Greek society. Education is seen as a means for achieving personal growth, fulfilling life goals and maintaining stability and financial security. Thus, the sociocultural prerequisite for education in order to obtain a strong pool of highly skilled and educated candidates is already established.



Greek Universities

Greek Universities offer a variety of specialized degrees. Higher education institutions (HEIs) include universities, polytechnics and some specialist (technological) HEIs.

Most universities are publicly owned and funded. The are **25 universities offering both undergraduate and postgraduate degrees** across Greece.

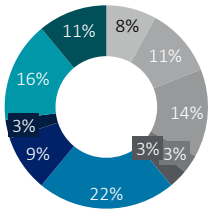
Greece has a total number of **315,759 enrolled students in bachelor's and master's degrees**, (accounting for 3% of the entire population) in the cities depicted in the map.

Universities offering degrees in the fields of **Information Technology, Digital Technologies, Economics, Business Administration, Finance and Statistics, Information and Communication Technologies, Engineering and Mathematics, Biological Sciences, Chemistry Medicine and Pharmacy** are located in all major Greek cities and regional areas, thus facilitating the access to skilled talent throughout Greece.

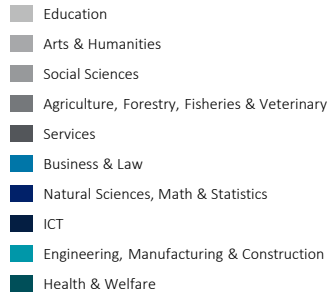
Education & Talent: A Talent Pool with Relevant Skills for Pharma

High-sophistication industries, like the pharmaceutical, have a rather vast pool of candidates on their disposal who have developed the necessary relevant skills to respond to fast paced business environments.

Chosen Field of Study,
Greece 2018



Source: OECD: Education at a Glance 2020



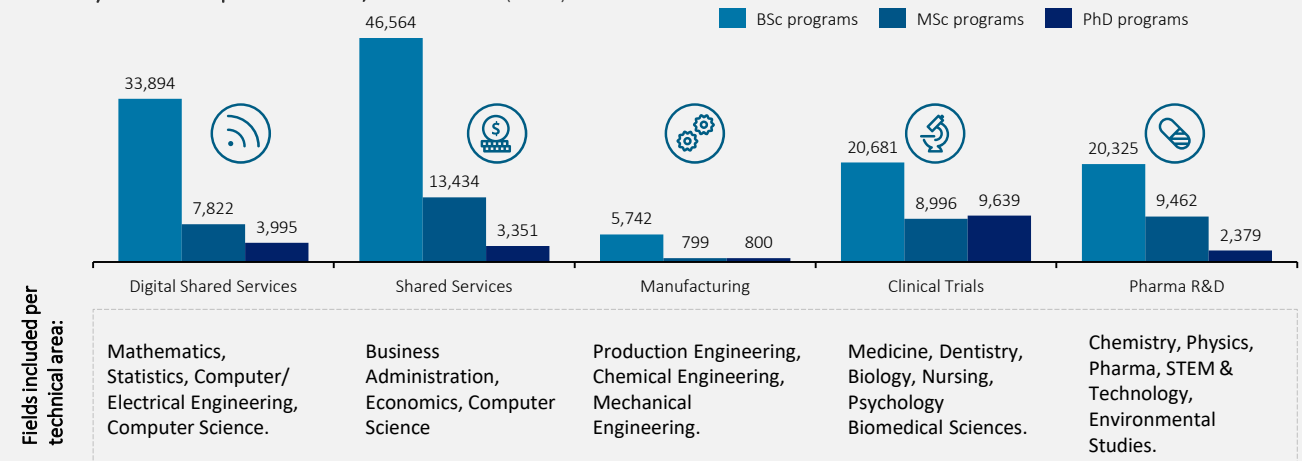
Balanced Skills Portfolio

Overall, Greeks demonstrate a **balanced set of preferences** when it comes to **tertiary education**; Business and Law, Engineering and Health & Welfare Sciences are among the most popular fields of study. The **top three categories** (all relevant for pharma companies) constitute **49% of total preferences**.

Availability of Talent in Pharma Sector

Greek Graduates originate from a variety of academic backgrounds which can be of great value to the pharmaceutical sector, in areas such as **Digital Shared Services, Shared Services, Manufacturing, Clinical Trials and Pharma R&D**.

University Admissions per Focus Area, # of students (2019)

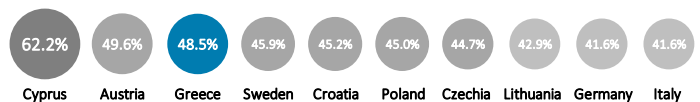


Source: Hellenic Statistical Authority

Competency in Languages

Greeks are competent in foreign languages, being in the top countries within the EU. **English** has a **very high penetration among residents with 51%** able to hold a conversation and **10-23%** already using it in various professional contexts.

Top 10 in EU-27 in Knowledge of Foreign Languages, % of total speaking at least 1 foreign language (2016)



Source: Eurostat 2021

Investing in Talent

Identifying the solid educational foundation within Greece, many companies are actively investing in training and development, instituting Training Academies and supporting talent and leadership programs.

Indicative Major Investments

Deloitte

Deloitte Central Mediterranean

launched in 2017 the Deloitte Alexander Competence center (DACC) in Thessaloniki, a competence/excellence center to capitalize on the abundant of talent in Greece. The center offers trainings & engagement in multinational European projects in fields like Digital, Cloud Engineering, Finance, Tax etc.

SAP

SAP launched the Athina - New SAP Talent Program seeking to train 300 people

to become technology professionals and targets individuals with degrees in technology, or finance and economics with at least 3 years of work experience. Individuals participating will be certified consultants directly absorbed into the SAP ecosystem.

Education & Talent: *Brain Drain – Momentum to Repatriate Talent*

In addition to the skilled graduates in Greece, there is another big pool of Greek people who left the country during the financial crisis, that have significant experience and are interested in returning to Greece.



Brain Drain is **defined as the migration of skilled human resource for favorable professional opportunities in other countries**. Brain drain due to the turmoil of the financial crisis caused Greece to lose a core portion of valuable workforce. As a consequence, the supply of high-skill labor shortened with adverse effects for Greece's economy.



Approximately 500.000 people migrated abroad from Greece since the financial crisis (2021).

*This figure corresponds to **4.6% of Greece's entire population**. Furthermore, **51.4% of the migrated population is in the critical age group of 25-44** – the age group considered the most productive part of any community.*



64%

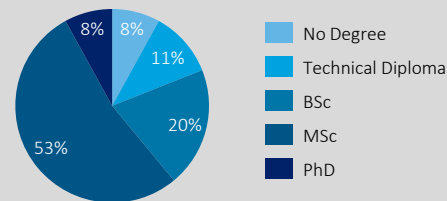


36%

Source: Hellenic Statistical Authority 2020

The brain drain phenomenon started accelerating in 2011 and continues until today. As seen through the figures below, Greece witnessed a departure of highly educated professionals (53% of emigrated Greeks hold a MSc title) who were a big part of the active workforce.

Education Level of Greeks who Emigrated



Key Reasons to Leave include:

- **Financial Insecurity**
- **Better career opportunities abroad**
- **Prospect of higher salary**
- **Lack of meritocracy** – as a result of institutional immaturity

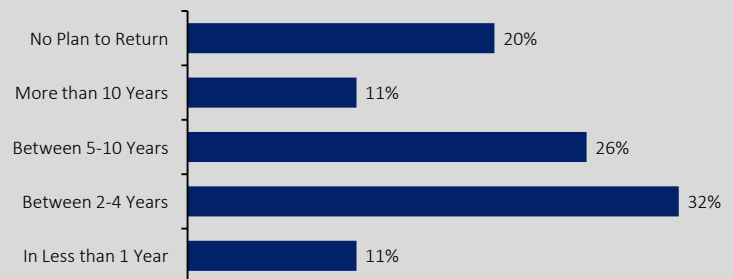
Additional reasons include the collapse of the socio-political institutions, reaction to an inequitable tax regime, overall lack of opportunities and shrinking of the middle class during the fiscal crisis.

The majority of Greeks seek to establish a career abroad (2-10 years) and gain financial stability before returning to Greece while 20% have no plans to return.

Source: ICAP 2018

Nevertheless, **Greeks want to return** to their home country due to **family reasons, low cost of living, lifestyle, climate and nostalgia**. Initiatives to improve transparency, meritocracy and the financial situation in Greece, will incentivize expats to return to their roots and reverse brain drain.

Desired Timeframe of Return to Greece (2018)



Greece has made **notable progress in improving its performance in key drivers of migration**, reversing the adverse effects to society and economy. Coupled with **traditional pull forces** (family, culture, climate, nostalgia etc.) and the fact that the bulk of migrants are **already away from Greece long enough to meet their desired timeframe of return**, a **reverse brain-drain momentum** has been initiated – and accelerated due to COVID-19 and the remote status of work that the pandemic has established.

Education & Talent: *Laying the Foundation for the Future of Work*

According to the Work-From-Anywhere Index, Athens is ranked 31st out of 75 global cities in digital nomads preferences, as there has been a significant improvement in key drivers of migration. Athens' key competencies that attract digital nomads lie mostly on cultural aspects and low cost of living.

The Work-From-Anywhere Index, 2021

01		Melbourne
02		Dubai
03		Sydney
04		Tallinn
05		London
...		
10		Berlin
15		Lisbon
18		Vienna
29		Barcelona
31		Athens
32		Dublin
36		Paris
52		Budapest
60		Frankfurt
62		Rome
64		Warsaw
65		Amsterdam
72		Brussels





Source: Nestpick Work-From-Anywhere Index 2021

Athens as a Digital Nomads Destination







According the Work-From-Anywhere Index (ranking the performance of various cities in three key dimensions that are important for digital nomads), Athens is ranked as 31st best city in the world to work from (total of 75). Athens outperforms important business hubs like Paris, Frankfurt and Amsterdam, while it's competitive advantage appears to be on cost savings & cultural factors.

Digital Nomads Motivating Factors Indicative Comments on Greece's Performance & Initiatives for Improvement






Costs & Infrastructure

	Home Office Room Rent	Home Office Room Rent is estimated on average at 490 €/m; a cost significantly lower than competitor destinations.
	Accommodation Availability	Being a tourism dependent country, Greece offers a variety of accommodation options both short- and middle-term.
	Income Taxes	Tax Incentives have been extended for foreigners to bring their tax base in Greece (reduction up to 50%).
	Internet Speed & Capacity	Greece has been improving it's performance in DESI, while 5G investments are expected to further boost connectivity.

Legislation & Freedoms

	Remote Worker Immigration	Greece has been amongst the few that already regulating immigration with sponsoring digital nomads visas.
	Remote Worker Infrastructure	The new labor law facilitates teleworking, while Digital Cards allow for enhanced control and visibility for employers
	Safety, Freedom & Rights	Policing is amongst the key priorities of the government, enhancing the feeling of safety & freedom for residents.
	Gender Equality	In terms of gender inclusivity, Greece follows E.U. patters with 18% of executives being female (same as EU Average).
	LGBT+ Equality	According to the Rainbow Index, Greece is ranked 15 th out of 47 countries, achieving 47% recognition of LGBT+ rights.
	Minority Equality	Many NGOs are active in the field of awareness raising and government has launched multiple initiatives for inclusion.

Livability

	COVID-19 Vaccination Rate	Greece is running one of the most successful vaccination programs, earning praise from multiple EU Officials.
	Cost of Living	According to various surveys and indices, Greece is offering a low cost of living versus other competitive destinations.
	Healthcare	Greece 2.0 predicts a holistic upgrade of the NHS enabling higher quality of healthcare and increased access.
	Culture & Leisure	With a rich history and a developed hospitality industry, Greece offers a wide variety of culture and leisure activities.
	Weather	Being in the heart of Mediterranean Sea, Greece is infamous for it's sunny and warm weather and mild winters.

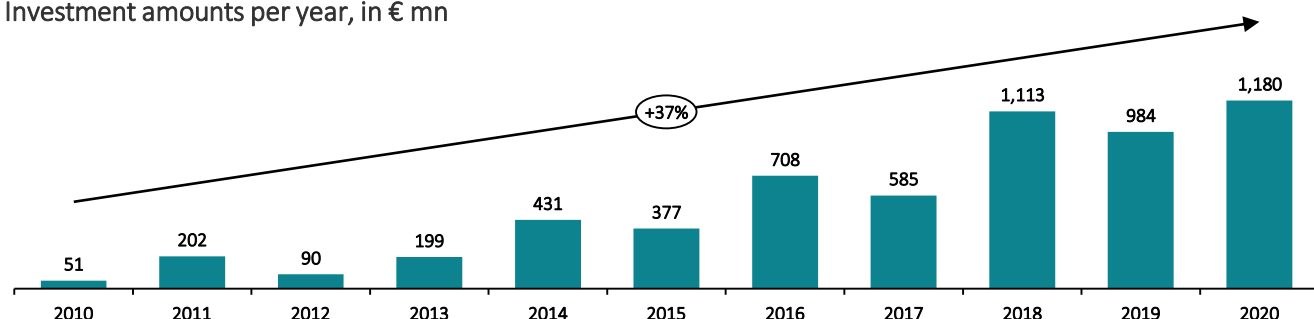
Innovation & Research: *Life-Sciences at the Center of Innovation*

The Greek Start-Up Ecosystem was brought into the spotlight during the financial crisis and keeps growing ever since. 2020 marked the first signs of maturity, with a record amount of funding received. Among the Greek Startups, a large proportion operates in the Life Sciences sector.

Investments & Funding Opportunities

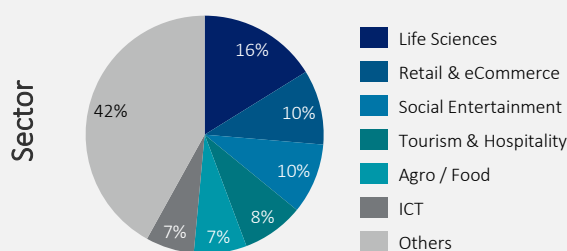
Between 2010 and 2020, **608 Greek startups** raised a total of **\$6 bn** in **927 investment rounds** by **790 investors** between. Moreover, during the same period, a total of **84 acquisitions** and **8 IPOs** took place. In the past years, the total amount raised by Greek startups exceeded \$1bn/year, for the second time after 2018. The **total invested amount in Greek startups grew 23x** between 2010 and 2020, a fact that highlights that the industry is rapidly maturing.

Investment amounts per year, in € mn

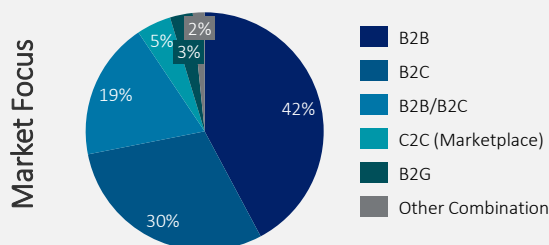


Source: Marathon VC

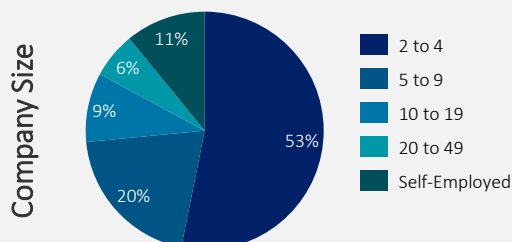
Profile of Greek Startups



The **Life Sciences** field in the Greek Start-up Ecosystem has noted positive growth for the past two consecutive years and remains the most popular sector, reaching 16,16% of the sector pool. In 2020, part of the growth implemented is due to the heightened interest in telemedicine and diagnostics, especially given the effect of the pandemic on a global level. **Retail and e-Commerce** still rank second and there is an increased interest around **Energy/Infrastructure and Smart Cities**.



The focus of the startups active in this phase, as defined by the commercial transactions among companies and their clients, is on **Business to Business (B2B)** services, who constitute more than 42% of the companies listed. Another 30% of companies engage in **Business to Consumer (B2C)** activities. While performing year on year comparisons, in 2020 figures remain largely unchanged from 2019.



As anticipated by the focus of the Innovation window on new and emerging projects and teams, most of the startups are very small in size – **almost 85% of them employing less than 10 people**.

Source: Foundation & eit Digital: Startups in Greece 2020-2021 – Annual Report

Innovation & Research: A Maturing Eco-System

The Greek Startup Ecosystem provides various funding, mentoring and networking opportunities, while the Greek Government, acknowledging the importance of formally supporting the ecosystem, created “Elevate Greece”, a national platform for startups, to further foster innovation & entrepreneurship.

Elevate Greece – The National Startup Portal

In an effort to further support the startup ecosystem and attract investments, the Greek Government created “Elevate Greece”, a platform that aims to create a powerful ecosystem and foster the development and growth of Greek startup companies. As a first step, “Elevate Greece” has established a register for startup companies (with 383 current entries), offering funding and networking opportunities, international exposure and government aid. “Elevate Greece” aims at making Greece a regional hub for innovation and entrepreneurship.



Venture Capital Funds

EquiFund – an initiative of the Greek Government in cooperation with the European Investment Fund (EIF) – is a fund-of-funds that has significantly helped the venture capital market in Greece.

EquiFund has provided capital to 9 funds, which in turn focus in investments in three windows:

- the Innovation Window (Big Pi, Metavallon, Velocity.Partners, uni.fund)
- the Early Stage Window (Marathon, VentureFriends)
- the Growth Stage Window (Eikonos, EOS, Synergeia)



Incubators

Incubators are organizations that provide an important breeding ground for start-ups through mentoring, networking and market alliances. Athens is the epicenter of Greek innovation where most incubators operate in. Approximately 31 Incubators are operating and supporting startups in the early stages of their development. Most are supported by academia, industry, research centers, government bodies, banks and companies.



Accelerators

Accelerators assist startups in the growth stage so that they may progress to the establishment and maturing phases. There are 18 accelerators present in the country. Many of them have a specific field of expertise such as Sciences and Technology, Hospitality and Tourism, Agro-Food Industry, and Corporate Innovation.



Innovation Clusters

Innovation clusters are groupings of independent undertakings – innovative startups, small, medium and large undertakings, as well as research organizations .

They operate in a particular sector and region and designed to stimulate innovative activity through common use of services, joint promotion, exchange of knowledge and expertise and sharing of information.



Innovation & Research: *Research as an Investment Pole*

In addition to the Startup environment, Greece is also home to a vibrant research & innovation community. The presence of both universities and private companies in major cities has led to the creation of Research Centers and Technology Parks across the country.

Research Centers

There are 6 major research centers that support innovative products and services, scattered around Greece, many as parts of universities or hospitals:

1. Foundation for Research & Technology (Crete)
2. National Centre for Scientific Research (Democritus)
3. Research and Innovation Center (Athena)
4. Centre for Research & Technology Hellas
5. Institute of Communication & Computer Systems
6. European Union Agency for Cybersecurity



The major areas of focus the Centers are focused upon: Biotechnology, Bioinformatics, Robotics, Microelectronics, Software Engineering, Data Technologies, Information Technologies, Cybersecurity

Technology Parks

There are currently 7 major technology parks dispersed across Greece:

1. Lefkippos
2. Epirus Science and Technology Park
3. Thessaly Technology Park
4. Thessaloniki Technology Park
5. Crete Science and Technology Park
6. Lavrio Technology and Culture Park
7. Patra Science Park



Start-up companies in the fields of technology and innovation, can be incubated in the Parks and gain access to services. Technology parks incubate small technological companies and offers specialized professional services to them in order to help them grow and commercialize their products.

Most of the major Technology Parks are founded by Universities and partnering with Research Centers.

Technology Parks are promoting collaborations between the incubated companies and the academic sector.

Private Investment in Innovation is Picking Up

Tapping into the abundant talent and the quality research infrastructure that the country possesses, many global innovation leaders are accelerating their investment plans on research and innovation centers in Greece. Public and academic research centers like Democritus and FORTH have been historically collaborating with the private sector to produce and support innovation.

Indicative Major Investment



Tesla's invests circa €70mn in the development of an **electric highway** stretching from Portugal to Turkey. The Greek section will start at the Western Port of Patra and end in Alexandroupoli, in Northern Greece.

Tesla also plans to open an **R&D Plant in Greece**. The Greek plant is expected to attract at least 50 engineers to run a **research and development center** out of the state-run "Demokritos Center for Scientific Research." The center will act as a base for Southeast Europe.



Cisco is moving ahead with an investment budgeted up to € 12 mn for the creation of an **international innovation and digital skills development center in Thessaloniki**. The center's area of expertise will be developing technology for smart cities, IoT and smart applications with a focus on healthcare, agriculture, tourism, environmental protection and disaster management. Cisco Networking academy will be in partnership with the local academic community and will have a training department, as well as a STEM and Robotics Department.

Tax Environment: A Tendency towards Rationalization

Taxation in Greece is based on the direct and indirect systems. Recent reforms by the governments have rationalized tax rates and made Greece more competitive.

Investments Basics



Accounting Framework: IFRS or Greek GAAP

The application of IFRS is mandatory for corporations with listed shares or securities; IFRS is optional for other corporations and limited liability companies. New Greek GAAP, which has many similarities to IFRS, applies in all other cases. Financial statements must be prepared annually.



The following main categories of entities are provided for under Greek corporate legislation: corporation (SA), limited liability company (EPE), private company (PC IKE), general partnership (OE), and limited liability partnership (EE).



The accounting year ends on 31 December or 30 June. Subsidiaries of foreign groups may use other year-end dates.

Corporate Taxation



Taxable Income: Corporate Tax on a company's total annual profits before the distribution of dividends & fees paid to directors out of profits.

- Corporate Income Tax: 22%
- Branch Tax Rate: 22%
- Capital Gains* Tax: 22%

**Capital gains are not taxed separately but are treated as regular business income*

**Recently
Reduced
from 24%**



Both **Dividends** and **Capital Gains** are, in principle, **taxed as ordinary business profits** at the prevailing **corporate income tax rate**, with **exceptions** being applicable for both cases (e.g. participation exception for dividends and capital gains).



Tax losses may be **carried forward** for 5 consecutive tax years, to be set off against the taxable profits of those five tax years.



Statute Barring: Five (5) years commencing from the end of the year in which the CIT is filed – extensions may apply

Individual Taxation



Taxable Income: includes employment income, business income, income from capital (dividends, interest, royalties, and rental income), and capital gains from the alienation of real estate and securities.



Business & Employment income is taxed at **progressive rates** ranging from **9% to 44%** (the lowest rate applies on income up to €10,000 & the highest rate on income more than €40,000).



Dividends are taxed at a rate of **5%** (for dividends received as from 1/1/2020), **interest** at a rate of **15%**, and **royalties** at **20%**. **Rental Income** is taxed at **progressive rates** ranging from **15% to 45%**.



Capital Gains tax at a rate of **15%** applies to gains arising from the sale of securities and derivatives. **Capital gains tax** on the sale of **real estate** has been **suspended** until 31/12/2022.



Special Solidarity Contribution, at rates up to 10%, is also imposed on all sources of income. All types of income are exempt from SSC for FY2021 (apart from state salaries and pensions).

Anti-Avoidance Regulations



In reference to anti-avoidance framework, Greece is **aligned with OECD and EU guidelines** in most areas, ensuring a common framework.



Transfer Pricing: Methods allowed: Comparable Uncontrolled price, Cost plus, transactional net margin method, resale price, profit split.



General Anti-Avoidance Rule: Tax authorities may disregard any non-genuine arrangement whose purpose is to evade taxation.

Other Considerations



VAT: The standard VAT rate is **24%**, the reduced rate is **13%** and the super-reduced rate is **6%**. Specific supplies are exempt.



Social Security Contributions: The employer must contribute **~24.33%** (**~22.54% for FY2021-2**) of the employee's gross salary to the social insurance fund, while the majority of employees contribute **~15.33%** (**~14.22% for FY2021-2**).

Landmark Investments: *Foreign Direct Investments are Booming*

The country's improving infrastructure, strategic position and resources have recently attracted a set of investments from abroad with the aim of unlocking Greece's export potential and making the best use of the assets it currently possesses. Indicative investments include:



Microsoft will invest in a datacenter/Microsoft Cloud region in Greece, adding the country to the global cloud infrastructure footprint and providing access to business-grade cloud services, with a total investment estimated at €1bn. The innovative Microsoft data center will be located in the town of Lavrio in Southeast Attica, servicing leading Greek companies with regard to their cloud computing needs. Clients will be able to achieve seamless operation and process optimization through advanced collaboration and cloud development services, thus accelerating digital transformation and innovation.



Volkswagen Group is committed to establishing smart, emission-free mobility solutions in the island of Astypalaia, for a total estimated investment of €20mn. Mobility in the island will be wholly electric (government & private e-cars, e-bikes, e-scooters) and based on innovative car-sharing and ride-sharing services. To support this system, the Greek Government has partnered with VW to build up the island's energy infrastructure with solar photovoltaics and wind turbines, to power the fleet exclusively through green renewable energy.



Greek Real Estate Development company **Lamda Development** is planning a c. €8bn investment in Athens to repurpose the capital's former international airport, located in a prime sea-front location in the South part of the city (8km coast line & 6,2mn sq.m.). The project will include branded residences, a hotel, a yacht marina, a casino, a park, science and research institutions, a multifunctional events center as well as high-end commercial zones for retail, dining and entertainment. The project is expected to create 70,000 jobs for the local economy.



Philip Morris invested €125mn euros to create 3 new production lines and upgrade the 6 existing ones in its factory in Athens, to produce innovative smoke-free tobacco products. The project is expected to create 115 job positions for the local economy. This comes as a follow-up to a 2017 investment of €300mn into the same facility, which provided employment an additional employment of circa 400 people. The factory is destined to become one of the major manufacturing sites for the company's IQOS products, to be distributed across Greece and also exported globally. The company also set out its commitment with regard to the environment (carbon neutrality, zero landfill waste, sustainable water consumption) and society (€750k yearly & policy towards reaching gender equality in senior management positions), highlighting the social benefits in the context of this new investment.



Amazon has invested in the creation of an **Amazon Cloudfront Edge in Athens**, uniting Greece with the rest of Southeast Europe in its global Network of **Amazon Web Services**. This partnership between Amazon and the Ministry of Digital Governance emphasizes the cooperation between the two sides in *digital governance, skills, infrastructure and innovation*. The addition of the Amazon Web Services office in Greece will help Greece compete by building a modern economy powered by cloud-computing. AWS will support organizations of all sizes; startups, enterprises and public sector agencies. A team of AWS are already supporting Greek customers to run big data analytics, mobile, web, social and IoT business applications.

4. Healthcare & Pharmaceutical Market in Greece

Healthcare in Greece Overview: *Mature Healthcare System*

Despite significant structural issues, the healthcare system in Greece is rather mature with a high number of quality healthcare institutions (both public & private) and a significant supply of medical professionals, ensuring that the fundamentals for pharmaceutical companies are present.

Greece's Healthcare System at a Glance

The **national healthcare system** is constituted by 3 key layers; primary care, secondary care and long-term care.

Primary Care in Greece is rather **fragmented** as it's mainly organized around **public medical centers** (304 in 2019), while most examinations are performed by **doctors with private practices**.

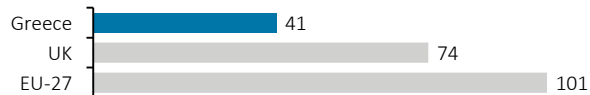
Secondary Care is offered in 99 public and 168 private hospitals, with a **joint bed capacity** of 50,395 beds in 2019, while due to the pandemic, the number of ICUs surpassed 1,300. Nevertheless, the healthcare model is oriented towards **outpatient focus** (as the # of beds is steadily decreasing).

Long-Term Care takes place in **specialized public or private facilities** and corresponds to the **smallest amount of spending**, demonstrating that this health segment is **overlooked**.

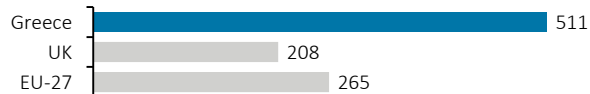
304 Public Medical Centers (2019)	25,470 Private Medical Practices (2019)
1,478 Peripheral Medical Units (2014)	3,500 Private Diagnostic Centers (2017)
99 Public Hospitals (2019)	168 Private Hospitals (2019)
50,395 Bed Capacity (2019)	~1,300 ICUs (2021 approximation)

Source: Greek Ministry of Health

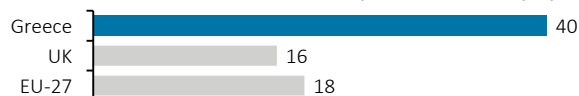
Number of Generalist Medical Professionals per 100,000 of population



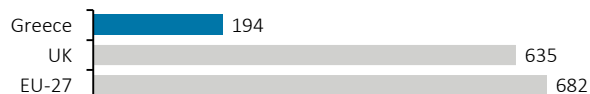
Number of Specialist Medical Professionals per 100,000 of population



Number of General Pediatricians per 100,000 of population



Number of Nursing Professionals per 100,000 of population



Source: Eurostat, data refer to 2018

Greece has the **highest number of doctors per capita amongst the OECD countries** (6.1 doctors per 1,000 of population vs 3.8 in EU-27) indicating a **high quality human capital resource**.

However, the **distribution** of medical professionals is **uneven**, as there are significantly **higher number of specialists and pediatricians** than EU, while there is a clear **shortage for general practitioners and nursing professionals**.

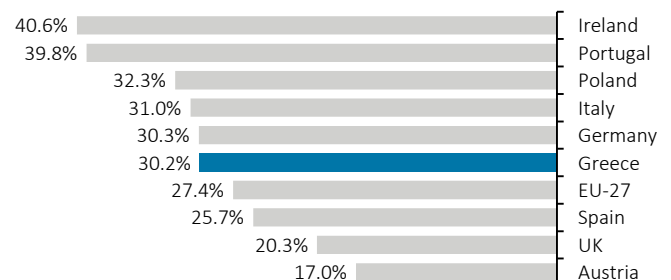
Nevertheless, the high number of specialized medical professionals, **guarantees the scientific skillset** that is a prerequisite for the operations of **pharmaceutical companies**.

Unmet Medical Needs Analysis

Approximately, 30% of the Greek population is reporting an unmet medical need (versus 27.4%, which is the EU average). **Key barrier constitutes the financial cost** of medical treatment (25.3% out of 30.2% is due to financial reasons).

Nevertheless, compared to EU, Greece demonstrates a lower % due to proximity reasons (6.9%) and waiting time (15% vs 19.2% in EU), indicating a **sufficient geographical coverage** and **efficiency in managing patients queues**.

% of Population that Self-Reported Un-met Medical Need, 2014



Source: Eurostat

Greece Spending Overview: *Expected Recovery*

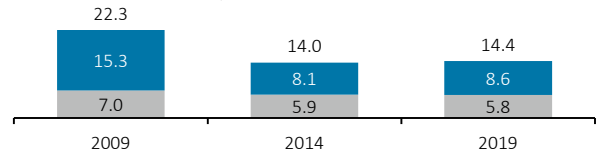
The Greek healthcare sector has undergone major restructuring throughout the past decade due to austerity measures implemented in the country. However, the high amount of announced investments and structural reforms under implementation are contributing towards a sustainable health system.

Healthcare Expenditure in Greece

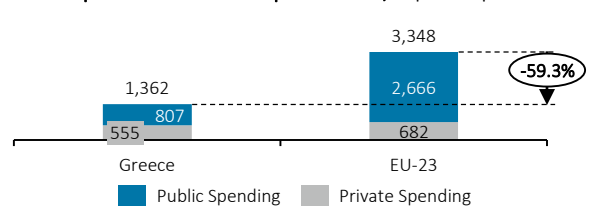
In the context of overall **fiscal consolidation**, health expenditure in Greece has **declined** by 35,4% from 2009 to 2019. The reduction over these years is mainly **driven from decreased public sector spending**, which fell 43.8%, from €15,3b to €8,6b and increased the share of private contributions to total spending. Compared to the EU, the country is **below average in per capita healthcare expenditure**, both in terms of its private and public components (by 18,6% and 69,7% respectively) and in total (by **59,3%**).

Source: IOVE 2021, OECD Statistics

Total Healthcare Expenditure, in € bn



Per Capita Healthcare Expenditure, € per capita -2019



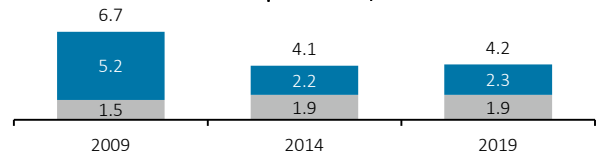
Pharmaceutical Spending in Greece

Cutbacks in public healthcare spending have also affected pharmaceutical expenditure. From 2009 to 2019, **total spending** on pharmaceuticals **fell** from €6.7bn to €4.1bn, **driven mainly by a fall in public spending** from €5.2bn to €2.3bn.

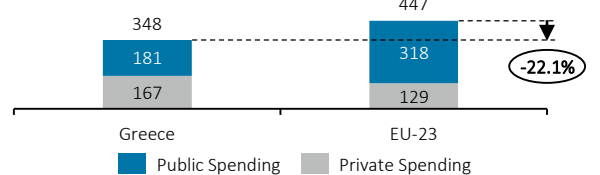
Compared with pharmaceutical spending per capita in the rest of the EU, **private spending for Greece is close to EU levels** but public spending is far lower, leaving the private sector with a disproportionate share of overall expenditure.

Source: IOVE 2021, OECD Statistics

Total Pharmaceutical Expenditure, in € bn



Per Capita Pharmaceutical Expenditure, € per capita - 2019



Emergence of a More Mature Healthcare system

While reduced spending on healthcare and pharmaceuticals reflects the **fiscal consolidation** undertaken over the past years post-crisis, **structural changes** within the healthcare sector point towards a more **effective, efficient** and **mature system** in the **medium term**. As **reforms materialize**, any **additional spending will reflect a more robust and direct contribution to public health**, with less **waste** and **better outcomes** throughout the system.

As **recent reforms** (listed on the next page) come in effect and the recent provisions and funds of the **Greek Recovery and Resilience Plan (RRP)** (amounting to €1,486 bn) start to be distributed, the overall sectoral performance is expected to improve.

The RRP as a Driver for Change

The RRP submitted by the Greek Government puts a great focus on transforming healthcare. Specifically:




- **Accelerate investment, reduce clawback & rationalize spending.**
- **Reform primary health system** in terms of equipment, organizational structure and staff training, to achieve better integration within the healthcare system.
- **Reassess the reimbursement process**, establish reliable procedures and performance KPIs & **create a national health map** as a record for availability of services and a **framework for quality assessment**.
- Improve **logistical infrastructure**, renovate buildings and obtain new medical equipment.
- **Digitize the healthcare system** to improve service quality, discourage the overuse of products, improve hospital management and enhance system functionalities.

Recent Reforms: *The Way Forward*

Recent developments such as the formation of an HTA body, the positive steps towards the digitalization of records and the launch of e-prescription are bringing Greece closer to the E.U. standards and provide a robust framework for investments.

E-prescription




72 Therapeutic Protocols

-  Paperless
-  Used in Vaccinations
-  Through IDIKA

- An **electronic prescription system (EPS)** was introduced in 2012, with the aim to rationalize demand via monitoring prescribing behavior and dispensing patterns.
- In January 2014, **a ceiling of 80% of the previous year's prescription budget was imposed** on the monthly amount that a doctor could prescribe - this measure was amended in 2015 and the allowance would depend on the physician's specialty, the number of patients, the region and the season (1).
- In total, **72 therapeutic protocols** have been published in MoH's website, but their implementation in practice remains to be evaluated (2).
- Development of **Patient registries for specific diseases** (hepatitis C, chronic myeloid leukemia and multiple sclerosis) has not been leveraged yet.
- By 2025, Greece is projected to be among the EU countries **participating in the eHealth Digital Service Infrastructure (eHDSI)**, offering cross-border services in ePrescription, eDispensation and Patient Summaries




National HTA process

Key requirements for evaluation

-  Budget impact
-  Clinical benefit
-  Pending ICER




- **Budget impact on the public healthcare system** (calculated as prevalence times the cost per patient) **is a key criterion for the HTA assessment**
- **Clinical benefit** (measured by severity and burden of the disease) compared to existing drugs **is also considered**.
- **No RWE is required** as RWE is not widely used due to limited local data availability and unwillingness to rely on RWE from other countries
- Although cost-effectiveness is not currently used, there is **rising interest in the use of ICER and CE has been acknowledged as an important criterion**.
- **The HTA remains very high-level** (no formalized criteria in HTA reports, no recommendations on levels of reimbursement) due to a lack of HTA expertise and experience in Greece, and is currently intended to confirm the drug's clinical benefit

Generics

-  Reduce over prescription
-  Control pricing
-  Empower Patients

- **Generics penetration** in the Greek market has been **lower** to most E.U. member states, 34.1% on average in comparison with 61.3% of the E.U.18 average (4).
- Following the establishment of the EPS in 2012, the **use of generics has been promoted** by a number of measures, including:
 - **requiring physicians to prescribe medicines using the active substance** (allowing the use of brand names only in specific circumstances)
 - **requiring 50% of medicines prescribed in public hospitals to be generics** and introducing mandatory generic substitution in pharmacies.
- Also, a policy is in place stipulating that the **maximum price** of generics cannot be set at more than **65% of branded drugs**.

Structural Reforms

-  Single Purchaser
-  GP as Primary Gate
-  Local Healthcare Units

- In 2011 all public health insurance funds merged into **EOPYY, a unified health fund**. The aim being to **equalize contribution rates and health care benefits** across occupational groups, for those employed and their dependents.
- EOPYY acts as a **single purchaser of health services and pharmaceuticals** for the insured population. While the **implementation of EOPYY has been an improvement** so far, some **challenges remain**, notably the ineffective allocation of assets to EOPYY, the persistence of arrears in their payments to public and private providers and the collection of contributions.
- In 2017, with the **primary care reform the role of GP was introduced and local healthcare units were developed**. However, the primary care remains weak with reforms not fully implemented yet.

Mandatory Returns & Discounts: A Restraining Factor

Implemented as a temporary measure to alleviate pressures on the Greek public budget, the current system of mandatory returns & discounts in public pharmaceutical spending was historically hindering the growth of the pharmaceutical industry.

Overview

In its cost-containment efforts, the Greek authorities have currently set in place **mandatory provisions (discounts and returns)** for pharmaceutical companies with regard to public pharmaceutical spending. This was implemented as a **provisionary measure to ensure a steady supply of pharmaceuticals** to the healthcare system, while extensive consolidation of the government budget was under way. Circumstances have improved, but the mechanism is expected to **remain in place until 2024**.



Rebates (since 2008)

Pharmaceutical companies are required to offer **mandatory discounts based on their total sales** to EOPYY.



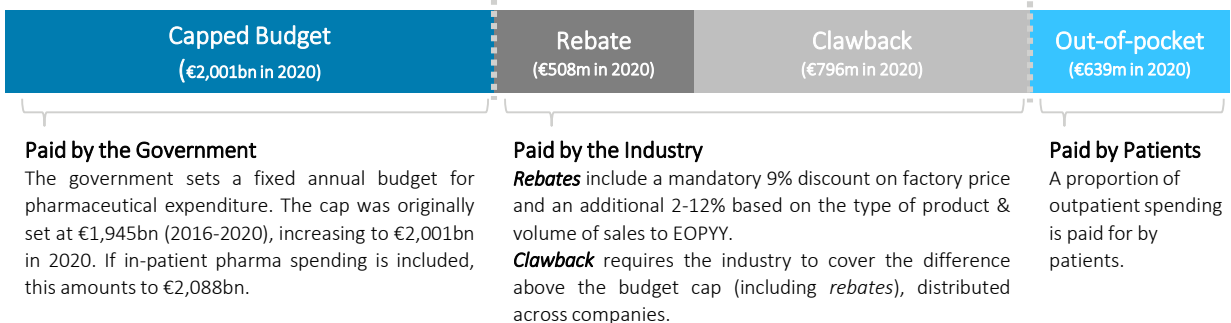
Claw Backs (since 2012)

Pharmaceutical companies are required to **cover the amount in excess of the budget** for EOPYY & the hospitals.

Shifting Contribution Shares Among Stakeholders

The system of returns and discounts has radically changed who contributes what for the provision of healthcare services and the purchase of pharmaceuticals. **In outpatient pharmaceutical spending, EOPYY fixes an annual budget**, which frequently does not cover total expenditure. While **patients make some contributions**, a **great portion of spending** (c.33% in 2020) comes from **industry contributions**.

Total Outpatient Spending Breakdown (€3,9bn in 2020)



Creating Adverse Incentives

While securing much-needed resources for the healthcare system, mandatory discounts & returns unintendedly also act as a **force of inertia** away from necessary reform. A mechanism with excessive discount & return provisions and no risk- or cost-sharing component has incentivized **over-prescription**, **overconsumption** and **general inefficiency** within the healthcare system.

System Overload

For example, the country has the highest consumption of antibacterials within the EU, while at the same time not having entirely different epidemiological characteristics: **32.4 DDD's* per 1000 inhabitants per day**, compared with the **EU average of 18.0** and the **Netherlands at 8.7**

*DDD: Defined Daily Dose



Public authorities are not incentivized to rationalize spending as the pharmaceutical sector cover additional expense.



Doctors are not incentivized to reduce overprescribing, as no prescription protocols or auditing is in place.



Patients are not incentivized to control the consumption of medicines as most of the medicines are covered by insurance.



Pharmacies are not incentivized to develop efficient distribution, as their reimbursement is independent of spending.

Mandatory Returns & Discounts: *Neutralizing the Adverse Incentives*

Following EU recommendations, Greece has already introduced a series of offsetting measures in order to promote pharmaceutical business activity while RRP reforms are expected to further alleviate the adverse effects of Rebates & Claw-backs.

Tendency Towards Change

In response to these issues, recent developments in the regulative sphere are encouraging some degree of reform. It is notable that in 2020 companies became able to **offset mandatory returns to the state with investment in R&D and manufacturing**, and 2021 came with a **reduction in total returns for the first time in 7 years**. Support for the reform of the discounts & returns system comes from a multitude of recent publications, pointing towards the scenario for comprehensive change to the provisions currently in place:



Greece 2.0 (Recovery & Resilience Plan):

- Reduce mandatory returns in the medium-term
- Drive digital transformation of health to control healthcare spending and discourage overconsumption



Enhanced Surveillance Report for Greece (Sep.2020)

- Encourage compulsory prescription protocols, to curb over-prescription.
- Promote greater stakeholder engagement through risk-sharing.

Source: Greek Recovery & Resilience Plan 2021, EU Enhanced Surveillance Report 2020

Clawback Offsetting

A 2019 law has enabled mandatory returns to be offset by corresponding investments in certain areas of R&D and capital expenditure (CAPEX) investment. The measure is considered as an **intermediate step in the right direction, towards restructuring and rationalizing public pharmaceutical spending**. Namely, the clawback offsetting clause addresses investment in:



Research & Development (R&D)

Spending committed to drug discovery, clinical trials, production testing as well as innovative services and technologies can be used to offset total mandatory returns. Investments include:

- Remuneration of salaried staff
- External personnel fees
- Consultant/subcontractor fees
- Building expenditure (purchase, construction, extension or repair, renovation)
- Purchase costs for mechanical equipment, such as laboratory infrastructure instruments
- Purchase costs for intangible assets (scientific packages/computer programs, specialized software licenses)
- Consumable purchases
- Clinical trial costs



Capital Expenditure (CAPEX)

Spending directed towards the installation of new facilities and improvement of existing ones can also offset mandatory returns. Investments include:

- Building expenditure
- Machinery purchases or leasing costs
- Expenses for special and mechanical installations
- Intangible assets purchase



€50mn of 2019 clawback to be offset in 2020

€100mn of 2020 clawback to be offset in 2021

Source: Deloitte Resources

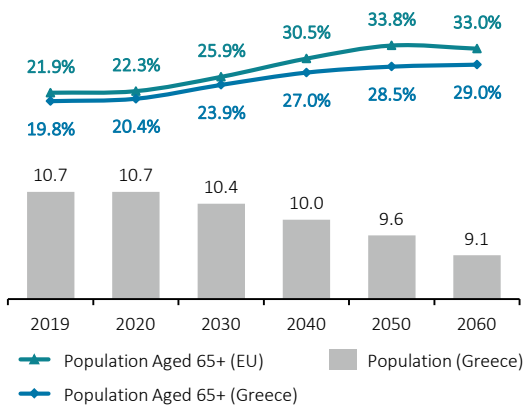
Pharmaceuticals Demand Drivers: *Factors to Consider*

Both demographics as well as behavioral and disease factors are changing, boosting the need for pharmaceutical products and services and creating opportunities for the industry.

Ageing Population

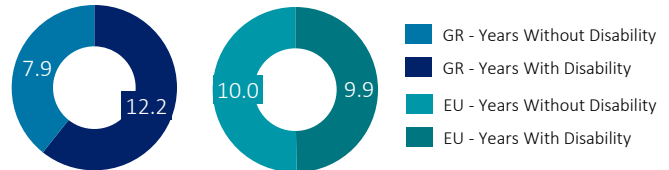
The % of people aged 65 and above in Greece is expected to **increase** from 19.8% in 2019 (21.9% in EU28) to 29.0% in 2060, despite the **declining trend in total population**. People reporting **suffering from chronic health problem** or chronic disease is expected to be **increased** as a result of ageing population.

Population in mn people & % of people above 65 y.o.

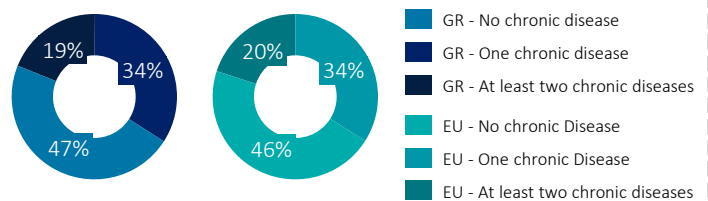


Source: OECD – State of Health in the EU: Greece Country Health Profile 2019, SfEE: The Pharmaceutical Market in Greece 2019

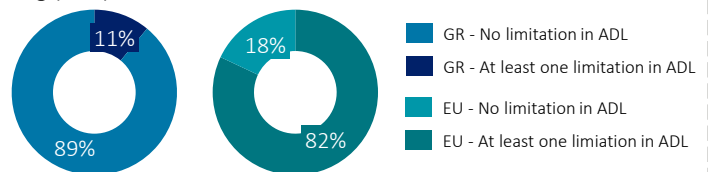
Life Expectancy at age 65, 2019



% of people aged 65+ reporting chronic diseases, 2019

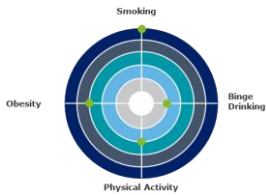


% of people aged 65+ reporting limitations in activities of daily living (ADL), 2019



Increased Risk from Behavioral Factors

Estimates show that **42 % of all deaths** in Greece can be attributed to **behavioral risk factors** (compared to 39 % in the EU). Around **one fifth of all deaths** in 2017 were due to **tobacco smoking** (including direct and second-hand smoking). **Dietary risks** (including low whole grains, fruit and vegetable intake, and high salt consumption) together with **low physical activity** account for about **21 % of deaths**, while about **4 %** can be attributed to **alcohol consumption**.



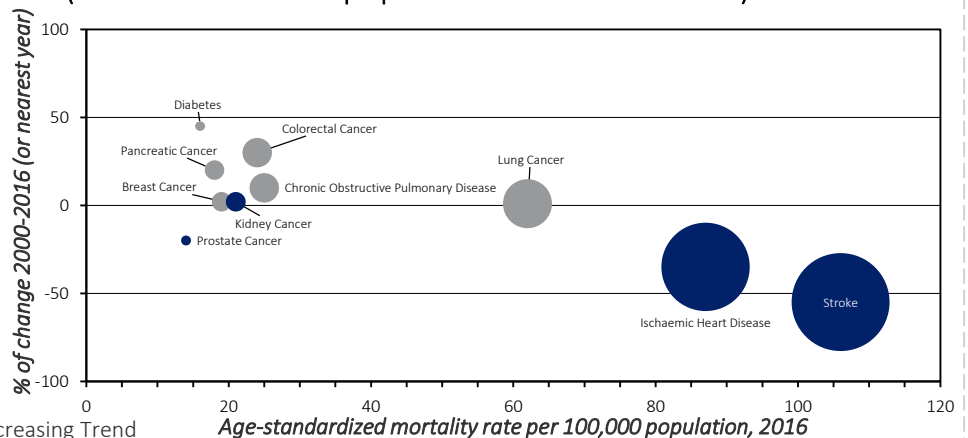
Note: The closer the dot is to the center the better the country performs compared to other EU countries.

A Changing Epidemiology

While **mortality** from the traditionally **leading causes** of death (Ischemic Heart Diseases and Stroke) is **falling**, **mortality** from **diabetes** and some **cancers** is **growing**, indicating a **change in epidemiology** of the Greek population, and highlighting **new fields of interest** for pharmaceutical companies.

Mortality Rates and % change for leading health-related causes of death, 2016

(The size of the bubbles is proportional to the number of deaths)

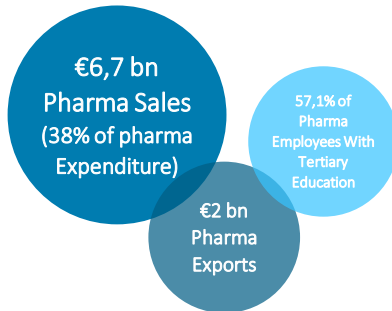


Source: OECD – State of Health in the EU: Greece Country Health Profile 2019

The Greek Pharmaceutical Sector: A Dynamic Industry

The production and distribution of pharmaceutical products consists one of the most dynamic sectors of the Greek economy as it contributes significantly both to the employment and to the output.

Industry Overview - 2019



Source: IOVE 2021

Dynamic: The Pharmaceutical sector is growing fast in Greece, with output ever-increasing and total share of manufacturing on a steady rise. Also, the Greek pharmaceutical sector is a **key vehicle for increasing the level of investment** in the country.

Extroverted: Given its contribution to external trade, the pharmaceutical sector can be considered as one of the key sectors to contribute to Greece's export potential.

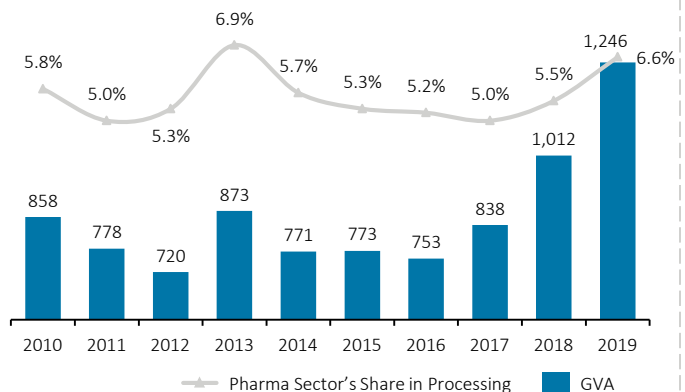
Knowledge-Intensive: Due to its knowledge-intensive nature, the pharmaceutical sector can **become a key driver of employment for highly-educated Greeks and expats.**



A crucial contributor to economic output

Pharmaceutical production has been an important sector in the Greek economy, **improving throughout the crisis** and constantly undertaking **new investments**. The **GVA** of domestic pharmaceutical production was estimated at **€1,246 mn** in 2019 and amounted to a share of **6.6%** of total manufacturing.

Gross Value Added, in € mn & Share of Pharma Manufacturing to Total Manufacturing



A Significant Employer

Pharmaceutical companies have been making increasing use of Greece's **human resources** along the **entire value chain**. This upward tendency can be attributed to improved **campus-corporate relations within universities**, as well as the prevalence of **internships** and **emphasis to acquire job-ready skills** within health-science degrees. **Greek pharmaceutical production employs 4.6%** of total production workforce, **contributing more** compared to the **E.U. average of 2.1%**. It is notable that the sector employs individuals from a **variety of professional and educational backgrounds**, including medicine, chemistry, information technology.

Employment in Pharmaceutical production, % of Total Manufacturing (2019)



Employability Across Sectors

The pharmaceutical sector provides employment for a variety of professionals not strictly limited to the medical, pharmaceutical or chemical sectors:

- R&D
- Technology, Diagnostic & Monitoring Tools
- Clinical Trials
- Digitization of Health
- Health Economics
- Medical Tourism Events

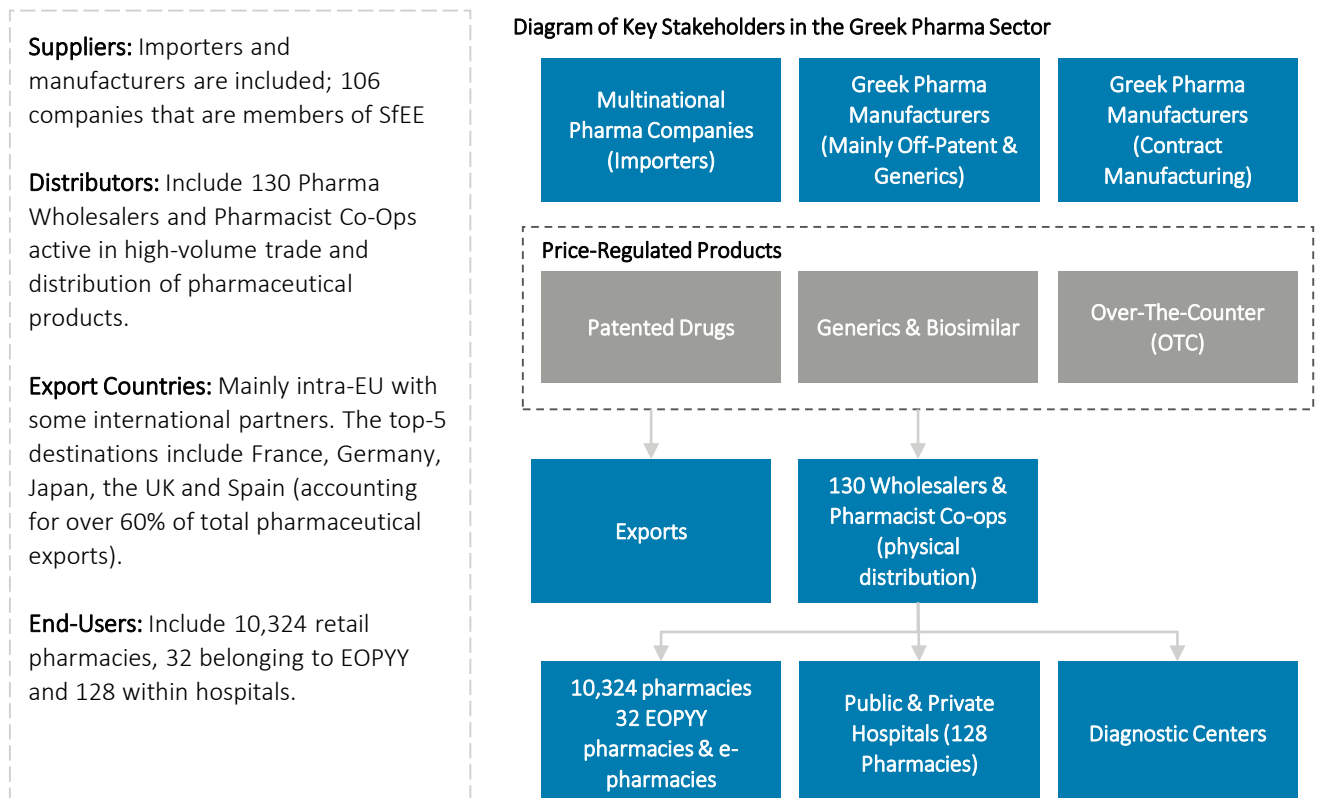
Source: IOVE 2021

The Greek Pharmaceutical Sector: Key Stakeholders & Value Chain

To obtain a thorough understanding of the Greek pharmaceutical sector, both key stakeholders and activities along the value chain have to be reviewed, with an eye on the particular nuances of how the Greek pharma market is structured and the focus areas of research, manufacturing and distribution.

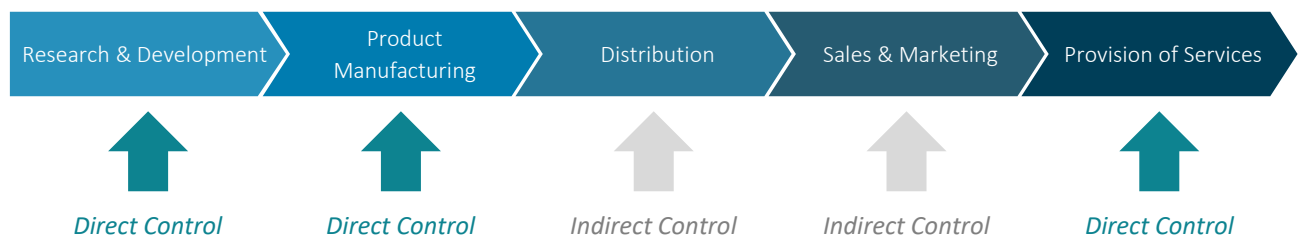
Sector Segmentation & Key Stakeholders

In examining the Greek pharmaceutical sector, the main stakeholders of the can be classified as follows, according to their number, expertise-product focus and position in the supply chain:



Pharmaceutical Value Chain

To understand the path from R&D to the patient and beyond, the following steps along the value chain were identified as key stations along the development, manufacturing, distribution and consumption process:



Direct Control: These are the areas within the pharmaceutical value chain that **pharma companies can directly influence and typically control** – **Investments** in these areas may **yield higher returns in the short-term**.

Indirect Control: These are the areas within the pharmaceutical value chain that **pharma companies can indirectly influence and typically do not control**, as other actors of the pharma eco-system are involved & **partnerships are typically pursued** – **Investments** in these areas may **yield higher returns in a longer-term horizon**; it's important for these areas to offer a **stable landscape** in order to **ensure access to the next step of the chain**.

R&D Activity: Efficient Research Output

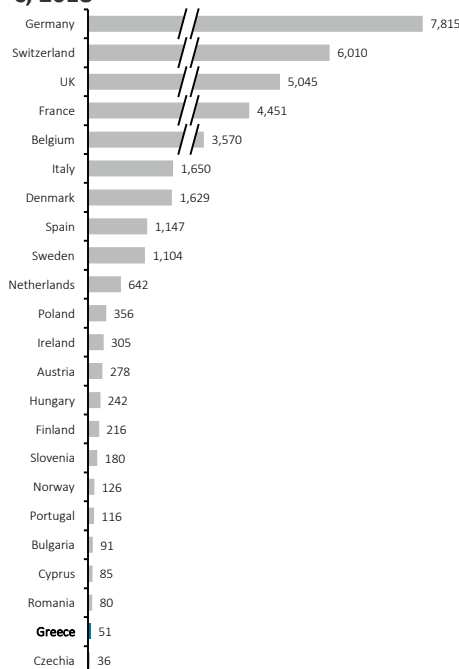
Even though, Greece is lagging in terms of pharma R&D spending, the country achieves significant output with a high number of published patents per million € spent; Coupled with the various tax reduction initiatives that the state is providing, R&D is attracting more and more investors' attention.

R&D Activity Overview

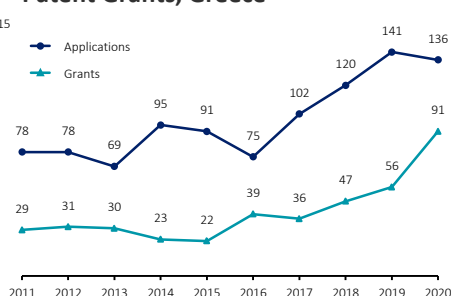
The levels of R&D Activity in Greece is rather limited, with **51 million € being spend in pharma R&D in 2018**. By comparing the numbers with EU states, Greece lies in the bottom of the ranking in terms of absolute figure spending.

However, when looking into the European patent applications & patent grants, Greece during the last years, indicates a **growth trend** both in the **total number of submitted applications & patent grants** as well as in those related to **Medical, Biotechnology & Pharmaceuticals** fields.

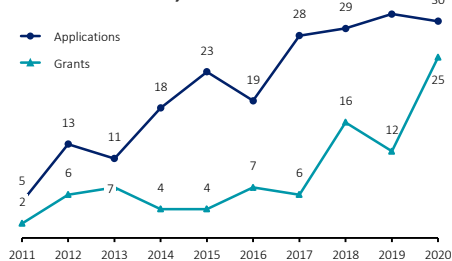
Total Pharma R&D Expenditure, in mn €, 2018



Total European Patent Applications & Patent Grants, Greece



European Medical, Biotechnology & Pharmaceuticals Patent Applications & Patent Grants, Greece



Source: European Federation of Pharmaceutical Industries Association: The Pharmaceutical Industry in Figures 2020, European Patent Office



Greece has institutionalized a series of **Incentives & Tax reductions** to boost domestic R&D activities. Key measures:

R&D tax superdeduction (Tax Law 4172/2013)

Clinical trials of phases 1, 2, 3 and conditionally 4 are eligible for the R&D tax superdeduction. The eligible scientific and technological research (R&D) expenditure are super deducted by 200%. Equipment and scientific instruments used in R&D activities are further subject to an increased tax depreciation rate of 40%.

Pharmaceutical clawback offset (L.4633/2019)

Marketing Authorization Holders (MAHs) for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of R&D expenditure, including clinical trial expenditure that is directly related to specific targeting and reasonable R&D activities.

Patent Box (Tax Law 4172/2013)

The first three years of profits attributable to international patents are not subject to tax. The tax for the covered profits is deferred indefinitely, as the payer aggregates the eligible profits in special "tax-free" reserves, which are taxed when used.



Following the tax incentives, multiple companies have **announced the expansion of their R&D activities**. In Q2 of 2019 (post – announcement of the clawback reverse mechanism) a total of **€ 80 mn** worth of investment was announced. Indicatively:



Elpen Pharmaceuticals intends to invest in R&D and Production by building an **Innovative Center for Applied Biomedical Research** and a **pharmaceutical plant** with strong export orientation. The investment's budget reaches up to **€ 50.7 mn**. The new facilities will be located in Attica is expected to employ more than **150 highly-specialized scientists**.



Demo Pharmaceuticals, has announced a **major investment plan** including the establishment of **two new R&D centers; Center of Biotechnology R&D in Athens & Center for Chemical Molecules R&D in Thessaloniki**.



Rafarm, announced an **investment plan of € 20 mn**, that opts for tripling it's manufacturing capabilities & the creation of a **new R&D Center** which will include laboratories with **complex drugs capabilities** and will host **more than 100 researchers**.

Source: Corporate Announcements

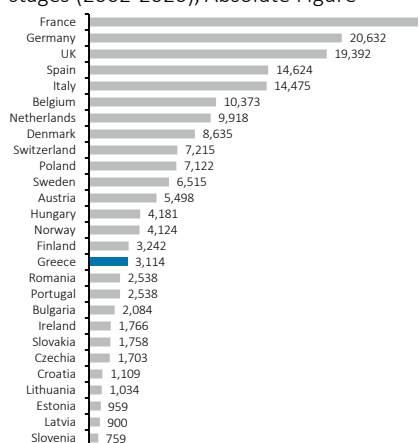
R&D Activity - Clinical Trials: *Potential for Growth*

Despite, the low performance of Greece in clinical trials indices, new investments towards the digitalization and simplification of existing framework combined with the relevant incentives (R&D Tax Superdeduction, Clawback reverse mechanism etc.) create opportunities for further exploitation.

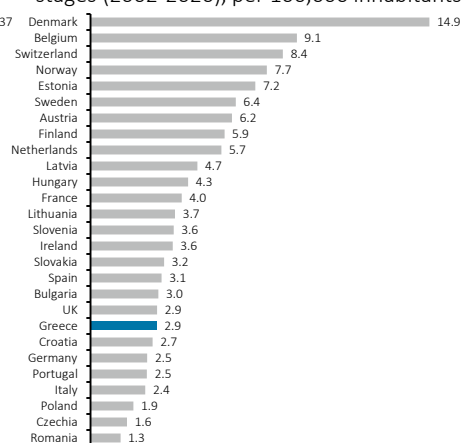
Clinical Trials Overview

Compared with the rest of the EU, **Greece is close to the average** of the group when it comes to **number of clinical trials** performed. For the period from 2002 to 2020, **3114 clinical trials** mainly of **Phase II and III** were performed, which is much lower than the top-3 in the group, namely France, Germany and the UK.

Total Number of Clinical Trials, all phases & stages (2002-2020), Absolute Figure



Total Number of Clinical Trials, all phases & stages (2002-2020), per 100,000 inhabitants



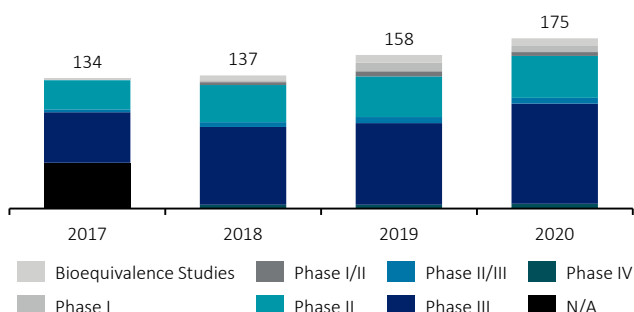
Source: IOVE 2021

Room for Improvement

Nevertheless, Greece's Clinical Trials' performance is improving. With the E.U. Regulation 536/2014 and signs of cooperation by the National Organization of Medicine, the **process for conducting clinical trials has been made simpler and more transparent**, aligning bureaucratic requirements across the EU. As a result, **the number of trials initiated yearly has been increasing** (from 134 in 2017 to 175 in 2020), pointing to improved prospects in this field. It is noted that the **main area of focus are Phase II and III trials**.

Source: IOVE 2021

Clinical Trials in Greece, # by starting year & phase (2017-2020)



Indicative Major Investment



abbvie AbbVie Pharmaceuticals is the only multinational pharmaceutical company with a **clinical trials hub located in Athens, Greece**. This renders AbbVie as one of the top performers of active clinical trials in Greece. The **Site Management and Monitoring Operations Hub** is responsible for a cluster of 13 countries, and provides **41 direct jobs including doctors, chemists, pharmacists and biologists**.



In 2020, the establishment of **clinical trials academy** in Athens was announced by the Medical Company of Athens, supported by Bayer and Elpen. The academy's goal is to provide with **support, education and certification** the **clinical trial ecosystem**, fostering the necessary skillset for future investments.

Source: Corporate Announcements



An Opportunity to Invest in R&D

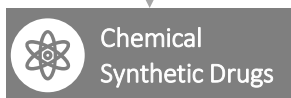
- **Maturing Pharmaceutical R&D** with multiple investments being announced & efficient research output.
- **Developed Innovation Eco-system**, with increasing funding for research and innovation & mature supporting institutions and actors.
- **Skilled, highly educated and cheap workforce is available**, especially in R&D relevant disciplines.
- **Significant Incentives in place** (R&D Tax Superdeduction, Clawback reverse mechanism etc.)

Manufacturing: Established Sourcing Base to Support Production

The fundamentals for considering Greece as a sourcing country are in place for pharma companies to consider within their wider strategies – as the chemical industry, a traditional supplier to pharma companies, is rather mature and the emergence of plant based production has already begun.



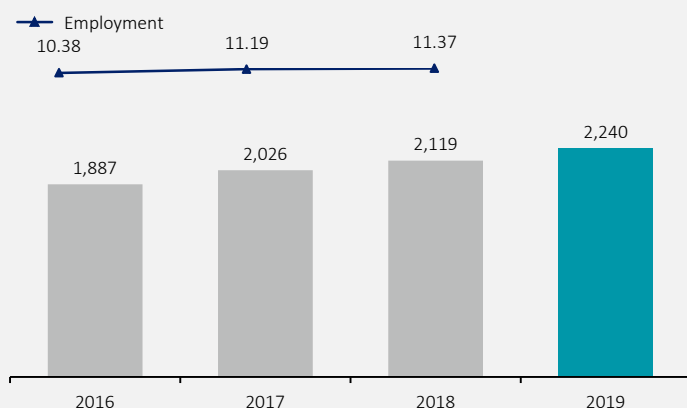
Active Pharmaceutical Ingredients - APIs



The Chemical Industry as a Strategic Vendor

Chemical companies are **typically vendors** for pharmaceuticals, especially in terms of chemical synthetic drugs. For 2017, it was estimated that the chemical industry had a **Gross Value Added (GVA)** to the pharma industry of € 562 mn.

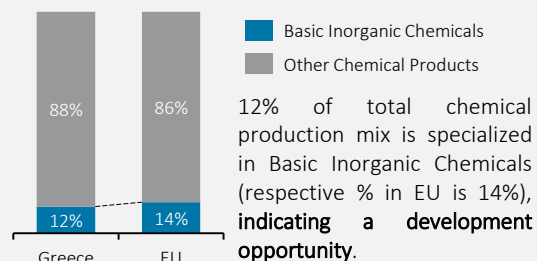
Production, in € mn & Total Employment, in 000'.



Source: IOVE 2020, Facts & Figures for Chemical Industry.

From the **production mix** of the chemical industry, **Basic Inorganic Chemicals** are considered key sourcing ingredients for Pharma Companies.

Production Mix, Greece vs EU, 2017



VIO CHEMICALS

Indicative Major Investment

In May 2019, Vio Chemical announced the founding of new subsidiary in Thessaloniki called "Vio Pharmaceuticals", with key focus to market APIs and serve the pharma industry. New facilities include both R&D as well as commercial functions.



Quality Natural Ingredients

Greece, being benefited by the **Mediterranean climate**, offers a very **rich flora**, with many **plants & herbs** with pharmaceutical and therapeutic qualities.



Pharmaceutical cannabis was legalized in Greece in 2018, and recently **new legislation** (2021) was passed, dictating the **operating framework** for agricultural **production** and **commercialization** of cannabis products.



Indicative Major Investment

Tikun Olam is an Israel based company, that is considered amongst the leaders in the **medicinal cannabis industry**. In 2021, Tikun Europe was established in Greece (investment of ~€40 mn); a **56,000 sq. m facility** near Corinth was established for **production & processing**. The investment is expected to boost Greece's competitive and export position



Investing in Partnerships

Pharma companies **traditionally rely on partners** for this part of the value chain; Key industries that serve as **strategic vendors** are both the **chemical industry**, as well as, parts of the (bio-)agriculture industry. Investments in these areas may prove **beneficial for pharma companies** as they'll allow for higher control in the manufacturing chain and smaller cost due to economies of scale.

However, these investment would be required to be a **part of a larger investment plan** and one should expect higher yields in a rather **long-term horizon**.

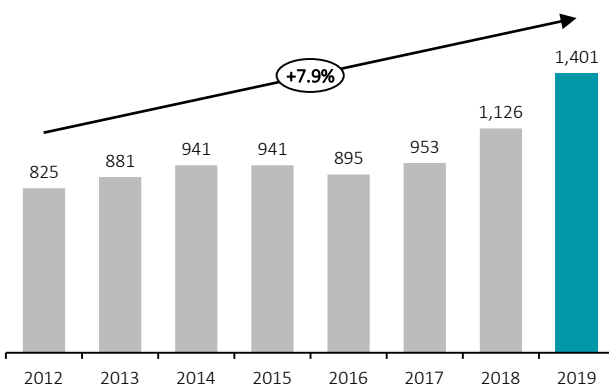
Manufacturing: *Production is Picking Up*

Production of pharmaceuticals in Greece is picking up after years of austerity following the financial crisis. With plenty of room for improvement, the domestic industry is showcasing its' dynamism in production with increased efficiency and a highly skilled workforce.

Increasing Production Output

For the first time since the beginning of the crisis, the Greek pharmaceutical sector has been experiencing a **resurgence of manufacturing activity**, as investments materialize and the country continues on its **path to recovery**. From 2017 to 2019, production value has experienced **consecutive annual growth** (6,5%, 18,2% and 24,4%), with **value** reaching **€1,4bn** in 2019. With additional resources continuing to be directed toward the pharmaceutical sector during the pandemic, production value and capabilities are expected to further improve.

Pharmaceutical Production Value, in € mn

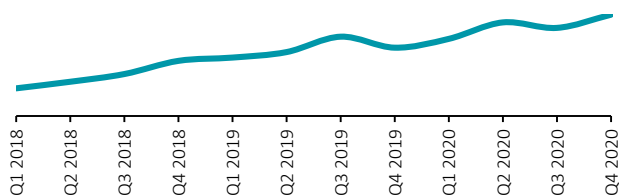


Source: IOVE 2021

Efficiency in Production Lines

Testifying to the **dynamism of the domestic manufacturing capabilities**, the **industrial production index** is constantly **increasing** during 2018-2020, with the Q4 of 2020 indicating a total pharmaceutical production that is by **92% increased** versus same period in 2015.

Industrial Production Index for Pharmaceuticals, (2015=100)



Source: IOVE 2021

SfEE Members Production Facilities*

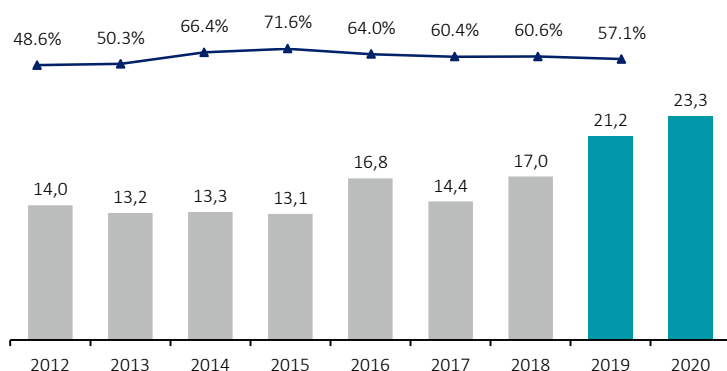


Note*: SfEE members facilities depicted: Demo, Vianex, Vioser, Adelco, Bennet, Cana Laboratories, Galenica, Help Pharmaceuticals, LaviPharm, PharmaZac, Pharmex, Elpen, Specifar (Teva), Boehringer Ingelheim

Source: Corporate Websites

Total Employment in Pharmaceutical Manufacturing, in 000' people

— % of holders of BSc and/or MSc within the manufacturing workforce



Source: IOVE 2021

Highly Skilled Workforce in the Manufacturing Chain

The **total number of people employed** in manufacturing activities for pharmaceuticals has been **steadily increasing**, especially in 2019 & 2020 (+37% vs 2018). At the same time, in terms of educational background, it seems that the **great majority of the workforce has graduated from tertiary education**. For 2019, the percentage of manufacturing workers that hold a **BSc and/or a MSc title was 57.1%** - a figure **significantly higher than other areas of the economy**, e.g. Industry & Processing (23.1% of workers hold a tertiary education diploma).

Manufacturing: An Untapped Opportunity

Tapping into the expected investment wave, coupled with the relevant incentives and the expected underutilized capacity, this area presents significant opportunities for investment and joint ventures across a range of product types.



Greece has institutionalized a series of **Incentives & Tax reductions** to boost domestic **Manufacturing activities**. Key measures:

Pharmaceutical clawback offset (L.4633/2019)

Marketing Authorization Holders (MAHs) for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of expenditure related to investment plans for the development of products, services, or production lines (setting up new production lines, modernizing existing production lines)

Development Law 4399/2016

Manufacturing of basic pharmaceutical products and pharmaceutical preparations is eligible to receive state aid under Development Law. Eligible investments include setting up a new establishment, extension of the capacity and modernization.

Strategic investments L.4608/2019

Law 4608/2019 for Strategic Investments streamlines the licensing process while offering a range of incentives to large strategic investments of pharma companies (such as a new production unit). Incentives include spatial (location) incentives, tax incentives for CAPEX, "fast track" licensing, wage subsidies for new hires and grants for R&D OPEX.

Tax Incentives for Green & Digital Investments CAPEX

According to government announcements, green & digital assets will be super depreciated by an extra 100%, in the context of the national Recovery and Resilience Plan (RRP).

Following the incentives, many companies have **announce the expansion of their manufacturing activities**. Indicatively:



A recent investment of 40 mn euros for the **expansion and modernization** of the Boehringer Ingelheim manufacturing facility located in **Koropi** was announced. The goal is to **produce and cover 70% of the global market supply** in innovative antidiabetic drugs. Koropi will become the **biggest production unit in Europe** while 50 new positions will be created.



Demo Pharmaceuticals, has announced a **major investment plan** including the establishment of **four new production facilities** in Tripoli (total of 57,000 sq.m.) and the **equipment upgrade and expansion** of its existing facilities in Kryoneri in order to increase production.



Elpen Pharmaceuticals intends to **invest in production** as well, by building **two new manufacturing facilities** in Attica, as part of its 50.7 mn investment plan. Furthermore, the company will **modernize its existing production facility**.

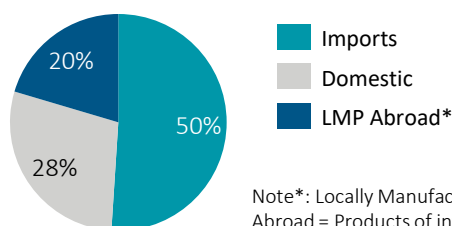


Pharmazac has announced a **€ 28 mn investment plan** that includes the establishment of **two new production facilities**; one in Attica and one in Lamia (dedicated to radiopharmaceuticals). The two new plants are expected to employ more than **120 people**.

Source: Corporate Announcements

Synergies and Joint Ventures in Production

Pharmaceutical activity in the country depends heavily on **increased cooperation between international and domestic factories**. In particular, **28% of medicine** is manufactured on **domestic factories** and certified manufacturing facilities, while approximately **20% of production is being outsourced by international players to Greek facilities**. Given appropriate incentives, domestic production of international pharmaceuticals can be increased.



Note*: Locally Manufactured Products from Abroad = Products of international companies manufactured/ packaged in Greece (28 factories owned by Greeks, 1 factory owned by multinational).

Source: IQVIA 2020



Forging Alliances in Production

- **Investment Wave in manufacturing**, expected to further increase manufacturing capacity of domestic industry & facilitating **alliances and joint ventures in production**.
- **Skilled, highly educated and cheap workforce is available**, especially in manufacturing relevant disciplines.
- **Quality Infrastructure in place**, guaranteeing no extra-ordinary disruptions in manufacturing process & facilitating transportation
- **Significant Incentives in place** (Clawback reverse mechanism, Development Law etc.)

Distribution: *Reliability Across Distribution Channels*

The increased regulations for both wholesalers and pharmacies, have led to overall stability in the industry; even though they pose a strict barrier to entry, at the same time, they ensure the maturity and reliability of this part of the value chain establishing the fundamentals for pharma distribution.

Stability & Maturity in Wholesale Trade

The **number of pharmaceutical wholesalers** (including warehouses that stock products and pharmacy cooperatives) has **remained steady** over the years.



Out of the 130 wholesalers, 88 (~67%) have reported annual revenues higher than €4 mn - 21 are Pharma Co-Ops

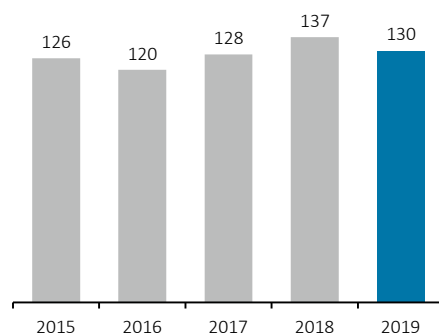


Out of the 130 wholesalers, 22 (~17%) have reported annual revenues higher than €40 mn - 6 are Pharma Co-Ops



Many of these players (especially the ones specializing in warehousing and logistics) offer their own 3PL service.

Number of Operating Pharma Wholesalers



Source: IOVE 2021

Contributing to such stability within pharma wholesale is existing regulation that sets out the standards and requirements on behalf of businesses. Such requirements include:

Regulation within Pharma Wholesale

- Regulated **space & equipment** to ensure quality and (storage, lightning, ventilation)
- Required **availability of all pharmaceutical products** in circulation, even if demand is low or irregular (adequate to supply a fixed number of pharmacies), thus creating **barrier to entry by scale**
- **Comprehensive record-keeping** for existing stock and entry & exit log for regulated substances
- Requirement of **Managing Pharmacist within staff**
- Emergency **recall & dispensation process for pharmaceuticals** (in cases of danger to public health, natural disasters, etc.)

Source: Presidential Directive No. 88/2004

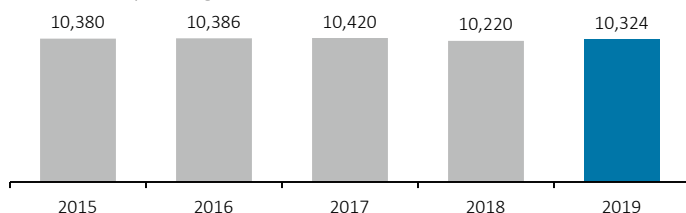
Pharmacies as Key Distribution Channel

The **main distribution channel** for the Greek pharmaceutical sector remains through traditional **pharmacy** businesses, that exhibit a **stabilized trend** mainly due to regulations.

Regulation regarding Pharmacies

- Distribution of **OTC drugs allowed solely to licensed pharmacies**
- **Ownership of pharmacies limited to actual pharmacists** (who are allowed to own only one)
- **Limited number of pharmacies per area**
- **Working hours determined centrally**
- **Staffing Requirements in place** (1 pharmacist per 3 assistants).

Number of Operating Pharmacies



Source: IOVE 2021



A Regulated Market

- Strict Regulations as barrier for investments in this area
- Stability & limited changes in the number of players in the industry
- Many wholesalers offer integrated logistics covering domestic needs.

Nevertheless, wholesalers & retailers have demonstrated **resilience** and **reliability** throughout the financial crisis, strengthening the entire pharmaceutical supply chain as a whole. The distribution industry constitutes a **good and trustworthy collaborator** for pharma companies, securing the **go-to-market fundamentals** as prerequisite for multinational players.

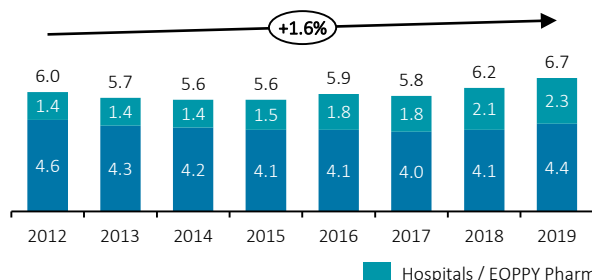
Sales & Access to Customer: *Increased Market Penetration*

The pricing regulating framework in Greece facilitates higher penetration for both generics, as well as off-patent drugs in the market; pharmaceutical companies producing & selling in Greece may reach additional profitability with this vertical integration.

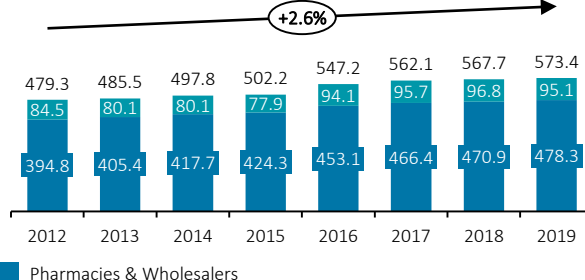
Pharmaceutical Sales are picking up

After a prolonged period of economic turmoil that affected the pharmaceutical industry severely, there is a **positive momentum for sales**. Sales value grew by a **CAGR of 1.6%** for the period 2012-2019, while **volumes increased at a CAGR of 2.6%**, implying that the mix of products is being slightly gravitated towards lower cost propositions.

Greece Pharmaceutical Sales – Value, in € bn

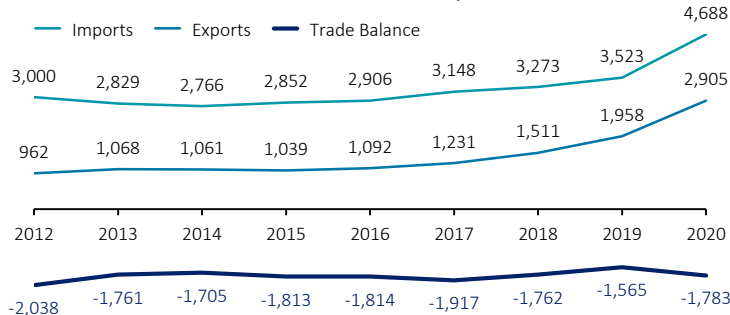


Greece Pharmaceutical Sales – Volume, in € mn



Note*: Includes sales to Hospitals & EOPPY Pharmacies in Hospital Prices & Sales to Pharmacies & Retailers in Retail Prices
Source: EOF 2020

Pharmaceutical Trade Balance – Value, in € mn

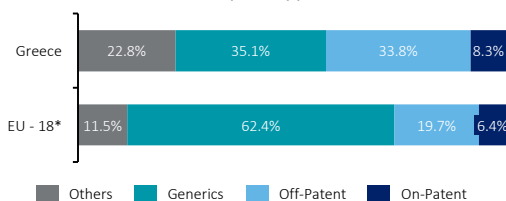


Source: EOF 2020

Positive Momentum for Exports

As **domestic demand** for pharmaceuticals keeps **increasing**, imports are also increasing, given the non-presence of top pharma companies with manufacturing activities in Greece, driving the trade balance on a deficit. However, exports also increased sharply in 2020, as **exports increased by almost 1 billion € (+48%)**, testifying of the dynamism of the domestic pharma manufacturers. Pharmaceutical exports constitute 9.4% of total national exports, making it a key component of Greek international trade.

Market Penetration per Type of Pharmaceutical



Price Benchmark per Type of Pharmaceutical

	Greece	EU-18*
On-Patent	€ 0.89	€ 1.84
Off-Patent	€ 0.27	€ 0.40
Generics	€ 0.18	€ 0.13

Note*: EU 18 includes Greece, Ireland, Portugal, Italy, Spain, Belgium, France, Germany, Netherlands, UK, Finland, Norway, Sweden, Austria, Czechia, Hungary, Poland, Slovakia

Source: IQVIA 2020

Pricing Policy in Greece

For **On-patent** and **Off-patent** pharmaceuticals the initial price is set as the **average of the two lowest prices in EU**.

Generics initial price is set at **65% of the price of Off-Patent**.

Re-pricing (Applicable for all types):

- If **current price** is > than the average of the **2 lowest in EU** (and/or >**65% of off-patent price for generics**) → Price **reduction** of up to **7%** in each re-pricing until the lower bound of the 2 lowest prices in EU is reached.
- **No price increase** allowed during the **first re-pricing** of a drug.
- Drugs with **Daily Therapy Cost (DTC) ≤ €0,20** are not subject to re-pricings.

Generics as the most attractive segment

- The **low penetration** of generics in the Greek market, combined with the **increased average price** versus EU average (+38%), offer an **opportunity to further boost profitability**.
- **Exports orientation** demonstrated, allows for **increased sales of locally produced generics**.

Sales & Access to Customer : *Excess Demand Drivers*

Given the observed increasing trend in both health and silver tourist markets, combined with the governmental plan to further boost these areas, pharmaceutical companies would be indirectly benefited as these patient groups have increased pharma needs, increasing their sales & reach.



Health Tourism

Health tourism contains the types of tourism which have as a **primary motivation the contribution to physical, mental and/or spiritual health** through medical and wellness-bases activities.



Medical Tourism involves the use of **evidence-based healing resources and services**, invasive or non-invasive. Indicative examples of this category are **diagnosis, rehabilitation etc.**



In **Wellness Tourism**, the main purpose is to **improve and balance all the main domains of human life** (mental, emotional etc.), by engaging in a **preventing and proactive lifestyle** enhancing activities such as relaxation, healing treatments etc.

Trips related to Medical Tourism in Europe, 2019: **~104 million**

Trips related to Wellness Tourism in Europe, 2017: **~292 million**



In 2019, Greece welcomed more than 85,000 international visitors that came to receive a health-related treatment (either medical or wellness)

Market Latest Developments:

- Private healthcare facilities, such as HHG and Athens Medical Group, are investing heavily with organized promotions & new services to attract medical tourists, while landmark investments like the Hellinikon project are expected to further boost the interest for medical tourism options.
- Greece 2.0 reforms and investments in healthcare and tourism are expected to provide with a concrete operational framework for this industry to flourish.

Sources: UNWTO, Patients Beyond Borders, Global Wellness Institute, Global Medical Tourism AMR, Dianeosis

Case Study – The IVF Industry

In Vitro Fertilization corresponds to **11.1% in terms of value** and **3.5% in terms of patients volume** of the total medical tourism industry

Key drivers of the industry are considered:

- Regulatory Framework
- Success Rates & Quality of Care
- Cost
- Stress Factors

According **Fertility Tourism** annual survey for 2020, **Greece is ranked #3** as a **top global destination**, with **14.4%** of respondents indicating their preference; Spain is leading with 23.0%, and Cyprus (both Cyprus & North Cyprus combined) follows with 15.2%.

Greece Key Competitive Advantages:

- Lineal regulatory framework, especially for surrogacy and number of embryos permitted.
- Bundled offerings combining IVF treatment with vacation packages, highlighting the importance of a stress-free environment during treatment.

Sources: Global Medical Tourism AMR, Fertility Tourism Survey 2020



The Silver Economy Project

The project aims to **attract visitors aged 65+** and **visitors with disabilities** to cultural venues (i.e. museums, theaters, festivals, archeological sites and monuments) by improving **physical access** to these venues and developing **guided tour systems** with hearing and vision aids. The investment is fully aligned with the **national plan for people with disabilities**.

Total Amount of Investment: 38 mn €



Long-Stay Tax Incentives

Under the government's proposal, qualifying retirees would pay a **flat tax of 7%** provided they **move their tax base to Greece** and meet certain conditions. The **incentives do not apply to Greeks** or other nationals who were tax residents in Greece in the last few years. And the incentives will only extend to **retirees from countries that have an existing tax treaty with Greece**.



Silver Tourism

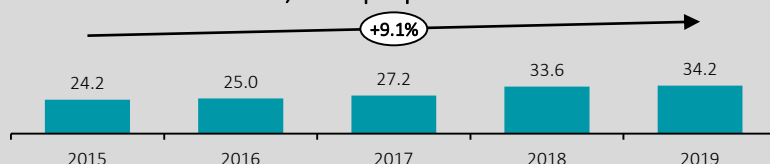
The concept of **Silver Tourism** refers to Third-Age visitors and may have either short-term accommodation characteristics or long-stay. Conventionally, Third Age is defined as the age **beyond 65 years old**.

Long-stay tourism typically includes the purchase or long-term renting of housing and is expected to drive growth in the overall tourism sector (**7.3% of European residents wishes to migrate abroad after retiring**).



Snow-bird tourism is a major sub-segment of long-stay tourism are refers to tourists spending the cold seasons of the years in warmer and with milder climate destinations; **Greece is optimally positioned** (due to it's proximity with large senior markets and the climate offering that the country can make) to capture a big part of this segment.

Tourists Arrivals in Greece, in mn people



*In Europe, the percentage of travels corresponding to seniors is expected to increase from 15% in 2010, to 26% in 2030 and 32% in 2050, making this age segment the **highest spender, capturing 1/3 of total touristic spending**.*

Sources: Dianeosis, Eurostat

Services: Greece as the Regional Pharma Foothold

The notable improvement of Greece's attractiveness has already been leveraged by pharma companies to further establish their presence and consolidate supporting services domestically, while the provision of "beyond-the-pill" services within the Greek market holds great potential.

Business & Research Supporting Services

Currently, most pharmaceutical companies are securing their foothold in the Greek market by establishing **branches** or **subsidiaries** that are responsible for products' **commercialization and promotion**. Given the **favorable business environment** that Greece is showcasing, **this constant is already changing**; a trend expected to further escalate.



Pfizer introduced the **Digital Technology Hub** in **Thessaloniki** with significant prospects for synergies with educational institutions & participation in global projects.

Digital Hub experts will utilize **Data Analytics and AI** to address available **Big Data** to provide valuable information about the needs, use, **contraindications, market trends and sales performance of drugs**. Pfizer's Digital Hub is a prime example of foreign investment in the Life Science's and Pharmaceutical's Industry in Greece as approximately 200 high-skilled workers are already employed, a figure expected to be further increased.



GE Healthcare

GE Healthcare is holding the Athens Office as the **regional HQ for Eastern Europe**, employing 130 employees with a **mostly Greek leadership team**. Beside commercial activities, **the office is offering value added services** like consulting for financing, asset management etc.



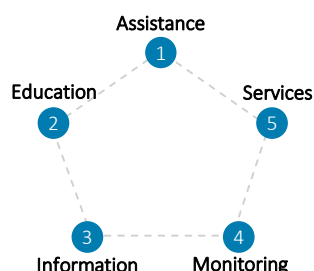
Besides the above mentioned incentives (that may apply in this stage as well – depending on the project), a relevant legislation refers to:

Incentives for Greek Branches under L.89/1967 (modified by L.4605/2019)

Existing or new branches of foreign entities and existing or new Greek companies, aiming to establish either a new service or a new recipient of an existing service, not provided by the eligible entity or any of the group companies in Greece for the two years prior to the request and the new service activity generates new jobs. Eligible service activities include consulting services, accounting services, quality control, data processing, business intelligence, software development, programming and ICT support, data storage and management, human resources management and training.

Going Beyond the Pill Services

In exploring added-value offerings past the sale and distribution of pharmaceutical products, the following concepts can be of interest:



- **Assistance:** deal with disease or side effects of treatment (whether those relate to physical or mental health).
- **Education:** Offering to train/teach specific target groups, including healthcare personnel or patients.
- **Information:** providing knowledge and raising awareness to the general public, caregivers or patients.
- **Monitoring:** allowing patients to track their disease or progress in their therapy.
- **Services:** offerings not directly related to therapy, such as financing and co-pay support programs to pay out-of-pocket expenses.



Opportunities to provide additional services can be found across therapeutic areas, especially in cases of **long-term ailments** that demand making and maintaining fundamental lifestyle changes.



In 2020, Novartis launched the **"Holistic Care" Program**; an innovative operating model aiming to **raise awareness** about **NOVARTIS** chronic diseases via scientific communication and by highlighting the symptoms that a patient may exhibit in the early stages of his/her illness. The program aspires to **promote timely diagnosis** and the creation of a **bridge** between **patients** and **physicians** by exploiting **technology enabled trends** like **telemedicine** and **remote diagnosis**.



Future of Investments on Services

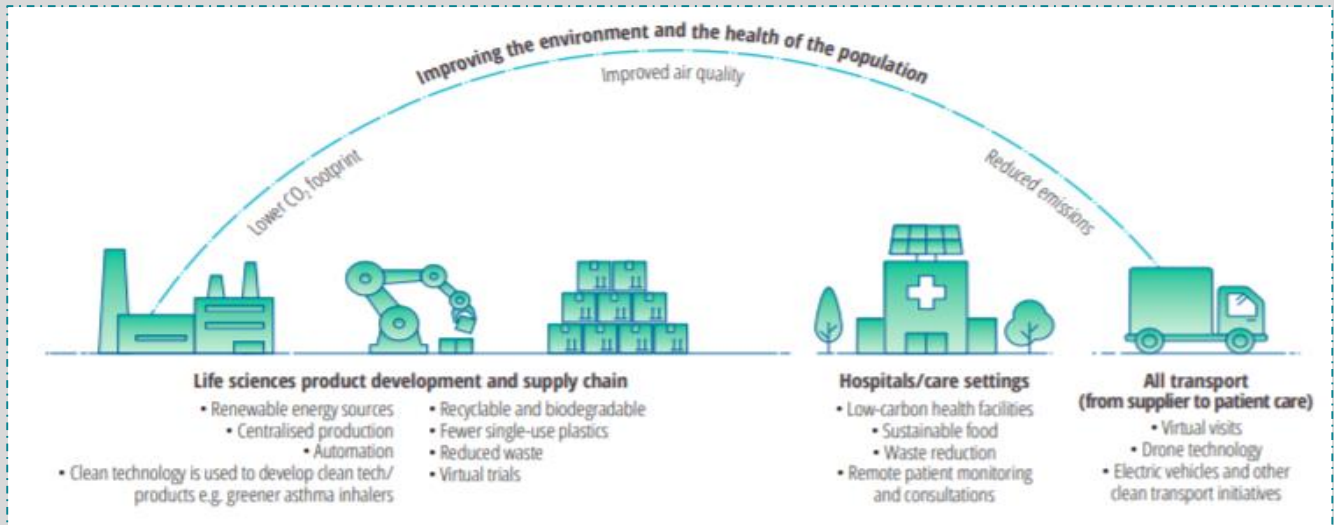
Investments in these areas may vary from shared services centers (digital or not) to regional offices to support the company's business regional activities.

- **Mature Business Environment**, established & further fostered via reforms and landmark investments.
- **Strategic country location** with **quality supporting infrastructure**, facilitate business activities.
- **Skilled, highly educated and cheap workforce** is available.
- **Improvement in migration driving forces**, enhancing country's attractiveness for **digital nomads**.
- **Significant Incentives** to boost investments.
- **Shifting demand drivers**, indicating a higher consumption future outlook; opportunity to **test and market value-adding services**.

Green Transition: *The Contribution of Pharma Industry*

Global developments in sustainability within the pharmaceutical industry can be readily transferred to the sector in Greece, providing opportunities for environmentally-friendly growth.

Healthcare & Life Sciences sector's Global Shift to Green Growth



Pharmaceutical Industry Best Practices for Green Transition



Turn to Recyclability

Johnson & Johnson has committed to investing \$800 mn over the next 10 years to provide transparency for all ingredients used, inform consumer choice and use 100% recyclable, reusable packaging by 2025. Other initiatives include removing pumps from products, and making plant-based disposable & recyclable wipes and bottles.



Producing Eco-friendly Components

RespiMat, **Boehringer Ingelheim's** propellant-free mist inhaler has carbon emissions 20 times lower than that of an ipratropium pressurized meter dose inhaler (pMDI). **AstraZeneca** expects the propellant of the next generation pressurized meter-dose inhalers (pMDI) to have a 90-99% lower Global Warming Potential.



The 'Future-Fit Business Benchmark'

Novo Nordisk used the Future-Fit Progress Indicators to define real progress, identifying its strengths, weaknesses & improvement areas. Novo has also announced targets to ensure all its direct suppliers supply the company based on 100% renewable power by 2030, the next step in Novo Nordisk's Circular for Zero environmental Strategy.

New Areas & Technologies for Reducing Environmental Footprint



Biotechnology: a Driver for Sustainability

Companies abroad have already been making use of eco-friendly biotechnology in formulating pharmaceutical products, reducing waste and eliminating harmful chemicals from the manufacturing process. A notable example is **Novo Nordisk's** €100m acquisition of Biosustain, a Danish research center investigating renewable alternative sourcing methods for pharmaceuticals made from minerals or rare plants. Research work in cell factories and the formulation of compounds with the use of living organisms presents great interest to the company, given its applications, indicatively, in heart diseases and antibiotics.



Green Chemistry on the Horizon

Pharmaceutical companies have been engaging in process redesign for the formulation and production of some of their products, to minimize environmental impact and increase efficiency. For the 2021 Green Chemistry Challenge, an annual challenge organized by the US Environmental Protection Agency, **Merck's** Process Research and Development Team developed a green manufacturing process for gefapixant citrate, an investigational medicine for chronic cough, focusing on improving efficiency, simplifying the formulation process and eliminating harmful chemicals.

5. Incentives

Incentives: Overview

Notable incentives have been launched in the past few years, aiming to grow local investments and attract Foreign Direct Investments by incentivizing activities throughout the pharmaceutical business landscape and value chain. Specifically:

Research & Development

- ❖ **R&D tax superdeduction (Tax Law 4172/2013):** Eligible R&D expenditure are super deducted by 200% while equipment and scientific instruments used in R&D activities are further subject to an increased tax depreciation rate of 40%.
- ❖ **Pharmaceutical clawback offset (L.4633/2019):** MAHs for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of R&D expenditure.
- ❖ **Patent Box (Tax Law 4172/2013):** The first three years of profits attributable to international patents are not subject to tax. The tax for the covered profits is deferred indefinitely, as the payer aggregates the eligible profits in special “tax-free” reserves, which are taxed when used.
- ❖ **Strategic investments L.4608/2019:** Streamlines the licensing process while offering cash grants for R&D projects.
- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish R&D shared service centers.

Manufacturing

- ❖ **Pharmaceutical clawback offset (L.4633/2019):** MAHs for pharmaceuticals or pharmaceutical companies may offset part of their outstanding clawback, with an amount corresponding to a percentage of CAPEX expenditure.
- ❖ **Development Law 4399/2016:** Manufacturing of basic pharmaceutical products and pharmaceutical preparations is eligible to receive state aid under Development Law.
- ❖ **Strategic investments L.4608/2019:** Streamlines the licensing process while offering a range of incentives to large strategic investments of pharma companies (such as a new production unit).
- ❖ **Tax Incentives for Green & Digital Investments CAPEX:** According to government announcements, green & digital assets will be super depreciated by an extra 100%, in the context of the national Recovery and Resilience Plan (RRP).

Distribution

- ❖ **Development Law 4399/2016:** Only 3PL logistics are eligible to receive state aid under Development Law, under sector “H52 - Warehousing and support activities for transportation”
- ❖ **Strategic investments L.4608/2019:** Streamlines the licensing process while offering a range of incentives to large strategic investments of pharma companies (such as a new warehouse/logistics center with robotic technology).
- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish either a new service or a new recipient of an existing service and the new service activity generates new jobs.
- ❖ **Tax Incentives for Green & Digital Investments CAPEX:** According to government announcements, green & digital assets will be super depreciated by an extra 100%, in the context of the national Recovery and Resilience Plan (RRP).

Sales & Marketing

- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish either a new service or a new recipient of an existing service and the new service activity generates new jobs. Eligible service activities include consulting services, drafting of studies, advertising and marketing and computer-based call center activities.

Services

- ❖ **Incentives for Greek Branches under L.89/1967:** Existing or new branches of foreign or Greek entities, aiming to establish either a new service or a new recipient of an existing service and the new service activity generates new jobs. Eligible service activities include consulting services, accounting services, quality control, data processing, business intelligence, software development, programming and ICT support, data storage and management, human resources management and training.

Pharmaceutical Clawback Offset

Summary

Article 20 of L. 4633/2019, allows Marketing Authorization Holders (MAHs) for pharmaceuticals or pharmaceutical companies to offset part of their outstanding clawback, with an amount corresponding to a percentage of R&D expenditure, including clinical trial expenditure that is directly related to specific targeting and reasonable R&D activities and percentage of expenditure related to investment plans for the development of products, services, or production lines.



Eligible Entities

The beneficiaries of the law include MAHs and their local representatives and pharmaceutical companies with mandatory clawback payments.

Eligible Activities:

Eligible R&D Activities



The process of bringing a new pharmaceutical drug to market (in compliance with EU regulations and national law), including:

- Laboratory R&D, raw materials R&D, and methods for analyzing and developing research applications software for pharmaceutical products;
- Phases 1, 2 and 3 of clinical trials (studies) for new drugs in accordance with national legislation;
- Test production and pilot-scale process evaluations;
- R&D in the field of new healthcare technologies; and
- Management and monitoring of research projects and clinical trials carried out within the country and abroad.

In cases where R&D Projects are co-financed by a subsidiary and a parent or affiliates, the cost incurred in Greece is eligible. This also applies even if the companies are different legal entities, provided that they have a branch or affiliated entity in Greece.

Eligible Investment Activities

Investments can include:

- Setting up new production lines; and
- Modernizing existing production lines



Eligible Expenditure:

Eligible R&D Expenditure



- Remuneration of salaried staff
- External personnel fees
- Consultant/subcontractor fees
- Buildings expenditure (purchase, construction, extension or repair, renovation);
- Purchase or leasing costs for mechanical equipment, such as laboratory infrastructure instruments;
- Purchase costs for intangible assets (scientific packages/computer programs, specialized software licenses, patent fees);
- Consumable purchases;
- Clinical trial costs.

Eligible Investment Expenditure



- Building costs;
- Machinery purchase or leasing;
- Special and mechanical installations;
- Intangible assets;
- Wage costs.

Pharmaceutical Clawback Offset

Benefit



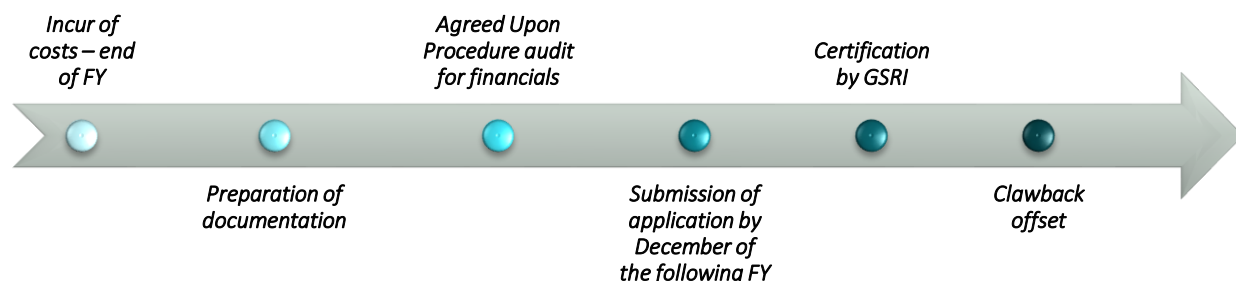
Pharmaceutical clawback can be reduced by offsetting up to 100% of R&D expenses and investment costs for the development of pharmaceutical products, services, or production lines. In case the total expenditure submitted exceeds the total available budget for the clawback offset, the offsetting amount of each enterprise is proportionally reduced so as to meet the budget.

Pharmaceutical clawback offset is set to 100 million for FY20 and another 100 million for each of the following fiscal years until 2023. The total amount of expenditure for the period from 1 January 2021 through 31 July 2021 that may be offset in 2022 may not exceed EUR 75 million.

Procedure & Timeline



The beneficiaries submit an application to the GSRI after the end of each fiscal year and no later than the end of the first quarter of the following fiscal year. The application must include an assurance report on the expenditure by a certified auditor-accountant or audit company, according to ISAE 3000 standard.



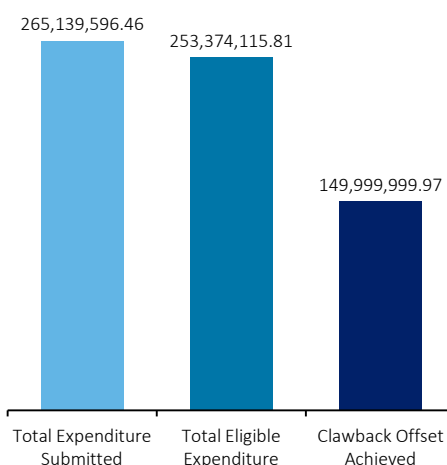
Competent Authority

General Secretariat for Research & Innovation (GGEK), Directorate for Research & Innovation Support, Department of Innovation
 Website: <http://www.gsrt.gr> | Phone: (+30) 213 1300 160, (+30) 213 1300 150
 Address: 14-18 Mesogeion Ave., 11527, Athens

Historical Data

Clawback Offset	FY19 (2nd semester only)		FY20		Totals
Amounts in €	R&D Expenditure	Investment Plans CAPEX	R&D Expenditure	Investment Plans CAPEX	
Total expenditure submitted	26.153.807,40	55.642.072,85	91.221.135,10	92.122.581,11	265.139.596,46
Offsetting budget available	25.000.000,00	25.000.000,00	50.000.000,00	50.000.000,00	150.000.000,00
Total eligible expenditure	22.370.974,97	48.385.453,62	90.609.368,40	92.008.318,82	253.374.115,81
Offsetting percentage (%)	100%	57,1%	55,182%	54,343%	
Clawback offset achieved	22.370.974,97	27.629.025,02	49.999.999,99	49.999.999,99	149.999.999,97

Clawback Offset, in €



Pharmaceutical Clawback Offset

Clawback target reductions included in the RRP



Component 3.3 ([COM\(2021\) 328, Brussels, 17.6.2021-Assessment of the Recovery and Resilience Plan \(RRP\) for Greece](#)) of the Greek **recovery and resilience plan** focuses on increasing the resilience of the health care system through various interventions.

The reform named “Reforms and acceleration of investments in the Healthcare Sector - Clawback reduction and rationalization of healthcare expenditure (measure ID: 16816)” aims to reduce the clawback expenditure in the medium-term, while at the same time allow companies to finance clinical trials, R&D or investments during the period 2021-2023.

Component 3.3: Improve Resilience, Accessibility and Sustainability of Healthcare - Key Points

The reform includes interventions to:

- strengthen public health and prevention,
- increase the capacity of the health-care system to deliver mental health and home care services,
- support the transition towards a stronger primary health-care sector
- **rationalise pharmaceutical spending and support pharmaceutical R&D.**
- digitize health-care systems and services

*It is expected that **no measure does significant harm to environmental objectives** within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the Do No Significant Harm Technical Guidance (2021/C58/01).*

The reform of the clawback system shall introduce risk-sharing in the calculation of the clawback by **setting a binding target of clawback reduction over the next years, a minimum reduction of clawback amounts by:**

- EUR 50m in 2022,
- EUR 150m in 2023,
- EUR 300m in 2024 and
- EUR 400m in 2025

respectively, **compared with the 2020 levels**, to be achieved through the full enforcement of previously adopted and new efficiency enhancing measures and fully **in line with EU State aid rules**.

In addition, the measure foresees the financing of clinical trial, R&D or other investment expenditure by liable companies, limited to the 3-year period 2021-2023, through a partial offset of their clawback liabilities. The implementation of the reform shall be completed by 30 June 2026.

Pharmaceutical Clawback Offset

Alignment with EU state aid rules

Most important common rules (articles 1-12 of General Block Exemption Regulation 651/2014)

Common Provisions	Details
Article 1 - Scope	<p>Par.2, Non – eligible activities - This Regulation shall not apply to:</p> <ul style="list-style-type: none"> • aid to export-related activities • aid contingent upon the use of domestic over imported goods. <p>Par.4 - This Regulation shall not apply to:</p> <ul style="list-style-type: none"> • The Deggendorf principle: aid schemes which do not explicitly exclude the payment of individual aid in favor of an undertaking which is subject to an outstanding recovery order following a previous Commission decision. • aid to undertakings in difficulty <p>Par.5 - This Regulation shall not apply to State aid measures, which entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law</p>
Article 4 - Notification thresholds	<p>Par. 1 - This Regulation shall not apply to aid for research and development:</p> <ul style="list-style-type: none"> • if the project is predominantly fundamental research: EUR 40 million per undertaking, per project • if the project is predominantly industrial research: EUR 20 million per undertaking, per project • if the project is predominantly experimental development: EUR 15 million per undertaking, per project • if the project is a Eureka project or is implemented by a Joint Undertaking established on the basis of Article 185 or of Article 187 of the Treaty • if the aid for research and development projects is granted in the form of repayable advances • aid for feasibility studies in preparation for research activities: EUR 7,5 million per study
Article 5 - Transparency of aid	<p>Par. 2 - The following categories of aid shall be considered to be transparent:</p> <ul style="list-style-type: none"> • aid comprised in grants and interest rate subsidies • aid comprised in loans • aid comprised in guarantees • aid in the form of tax advantages • aid in the form of repayable advances
Article 6 - Incentive effect	<p>Par. 2 - Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid to the Member State concerned before work on the project or activity starts.</p> <p>Par. 3 - Ad hoc aid granted to large enterprises shall be considered to have an incentive effect if, in addition to ensuring that the condition laid down in paragraph 2 is fulfilled, the Member State has verified, before granting the aid concerned, that documentation prepared by the beneficiary establishes that the aid will result in one or more of the following:</p> <ul style="list-style-type: none"> • in the case of regional investment aid: that a project is carried out, which would not have been carried out in the area concerned <u>or</u> would not have been sufficiently profitable for the beneficiary in the area concerned in the absence of the aid • in all other cases that there is: a) a material increase in the scope of the project/activity due to the aid, <u>or</u> b) a material increase in the total amount spent by the beneficiary on the project/activity due to the aid, <u>or</u> c) a material increase in the speed of completion of the project / activity concerned;
Article 7 - Aid intensity and eligible costs	<p>Par. 1 - For the purposes of calculating aid intensity and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.</p> <p>Par. 6 - Where regional aid is granted in the form of repayable advances, the maximum aid intensities established in a regional aid map in force at the moment the aid is granted may not be increased.</p>
Article 8 - Cumulation	<p>Par. 1 - In determining whether the notification thresholds in Article 4 and the maximum aid intensities in Chapter III are respected, the total amount of State aid for the aided activity or project or undertaking shall be taken into account.</p> <p>Par. 2 - Where Union funding centrally managed by the institutions, agencies, joint undertakings or other bodies of the Union that is not directly or indirectly under the control of the Member State is combined with State aid, only the latter shall be considered for determining whether notification thresholds and maximum aid intensities or maximum aid amounts are respected, provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the most favorable funding rate.</p>

Article 25 GBER 651/2014: Aid for research and development projects

Article 25	Details
Par. 2: Eligible categories	<p>The aided part of the research and development project shall completely fall within one or more of the following categories:</p> <ol style="list-style-type: none"> fundamental research; industrial research; experimental development; feasibility studies.
Par. 3: Eligible costs	<p>The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:</p> <ol style="list-style-type: none"> personnel costs costs of instruments and equipment to the extent and for the period used for the project Costs for of buildings and land costs of contractual research, knowledge and patents additional overheads and other operating expenses
Par. 5: Aid intensity	<p>The aid intensity for each beneficiary shall not exceed:</p> <ol style="list-style-type: none"> 100 % of the eligible costs for fundamental research; 50 % of the eligible costs for industrial research; 25 % of the eligible costs for experimental development; 50 % of the eligible costs for feasibility studies.
Par. 6: Aid intensities for industrial research and experimental development	<p>The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs as follows:</p> <ol style="list-style-type: none"> by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises; by 15 percentage points in cases of effective collaboration between undertakings (conditions apply)
Par. 7: Aid intensities for feasibility studies	<p>The aid intensities for feasibility studies may be increased by:</p> <ol style="list-style-type: none"> 10 percentage points for medium-sized enterprises and 20 percentage points for small enterprises.

Innovation - Scientific and technological research (R&D) expenditure

Summary

The eligible scientific and technological research (R&D) expenditure, as defined in the Joint Ministerial Decision 100335/21-6-2019, as modified by Decision 79230/26-7-2021 are super deducted by 200%. Equipment and scientific instruments used in R&D activities are subject to an increased tax depreciation rate of 40% and those depreciation costs are also eligible for the 200% super deduction. In case the super deduction results in loss, the amount of loss can be carried forward for up to 5 years.

The Decision modernized the eligibility criteria for R&D activities and expenditure, incorporating the OECD guidelines (Frascati manual); basic criteria are the presence of novelty and the elimination of any scientific/technological uncertainty.



Eligible Entities

All legal entities, as stated in the general rules of the law, regardless of their legal form.

Eligible activities

The Joint Ministerial Decision 100335/21-6-2019, as modified by Decision 79230/26-7-2021, modernized the eligibility criteria for R&D activities and expenditure, incorporating the OECD guidelines (Frascati manual); basic criteria are the presence of novelty and the elimination of any scientific/technological uncertainty. The scientific and technological research is categorized in basic research, applied research and experimental development. Especially:

- Design and construction of prototypes
- Construction and operation of pilot projects
- Industrial design necessary for the implementation of research activities *
- Industrial engineering
- Development of prototype and innovative software *
- Clinical trials of phases 1, 2 and 3 for new drugs, vaccines and treatments. Clinical trials of Phase 4 should be treated as R&D only if they bring about a further scientific or technological advance.

* Restrictions apply

Typical Pharmaceutical industry activities that may be classified as R&D

Discovery stage

Basic science, target identification, drug screening, targeted drug design, hit confirmation, hit explosion, lead generation phase, lead optimization phase, formulation, delivery and packaging ...

Pre-clinical studies

Pharmacodynamics (PD), Pharmacokinetics (PK), Absorption, Distribution, Metabolism and excretion (ADME), Toxicity ...

Clinical trials of phases I-III

Production of test material, bio-analytical method development, CROs performing eligible activities, patient recruitment, development of drug manufacturing process scale-up, clinical research associate work, site selection

Clinical trials of phase IV

Endpoints and/or subject subgroups not previously studied, efficacy and safety of a drug and an active comparator, specific post-marketing surveillance of adverse events, interactions between medications

Packaging

Delivery and packaging development

Problem solving

Solving performance, scalability, integration issues

Boundaries and exclusions of R&D in Pharma

Clinical trials of phase 1, 2 and 3 for new drugs, vaccines and treatments.

Phase 4 clinical trials, which continue testing the drug or treatment after approval and manufacture, should only be treated as R&D if they bring about a further scientific or technological advance.

The abovementioned trials of phase 1, 2, 3 and 4 are treated as R&D only if they are carried out according to national legislation.



Innovation - Scientific and technological research (R&D) expenditure

Eligible expenditure



- Wage costs
- Contractual research (up to 70% of total R&D expenditure)
- Tax depreciation costs of buildings
- Tax depreciation costs or lease of equipment & laboratory instruments
- Tax amortization costs of specialized software
- Travel costs
- Consumables
- Patent development costs
- Subscriptions to databases/e-libraries
- Operating expenses

Benefit



R&D tax superdeduction

Clinical trials phases 1, 2, 3 and conditionally 4 are eligible for the R&D tax superdeduction.

For FY2020 the R&D tax superdeduction was:

- 130% for the period 01.01.2020 – 31.08.2020, net tax reduction 7,2% of eligible expenditure.
- increased to 200% for the period 01.09.2020 – 31.12.2020 and onwards, net tax reduction of eligible expenditure equal to the valid tax rate.

For FY2021 the R&D tax superdeduction is:

- 200%, net tax reduction of eligible expenditure equal to the valid tax rate.

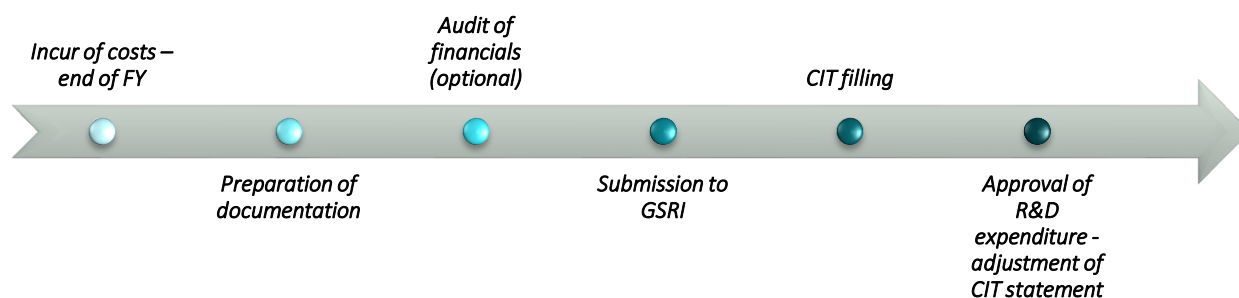
The taxpayer may elect to carry out an audit on the R&D expenditure by an independent auditor, which will accelerate the approval process by the authorities to six months.

Procedure & Timeline



The incentive is provided for R&D expenditure incurred within the last fiscal year. The taxpayer submits the required documentation to GSRI before the annual corporate income tax statement. If GSRI rejects part or all of the submitted expenditure, the taxpayer must amend the annual corporate income tax statement accordingly with no penalties or interest.

By choice of the taxpayer, an audit report on the certification of the R&D expenditure is submitted by a certified auditor-accountant or audit company, according to ISAE 3000 standard, in order to accelerate the certification procedure from GSRI. In this case, the GSRI only certifies the physical subject of the R&D project and in case of more than 6 months delay in the publication of GSRI certification, the R&D expenditure is automatically certified.



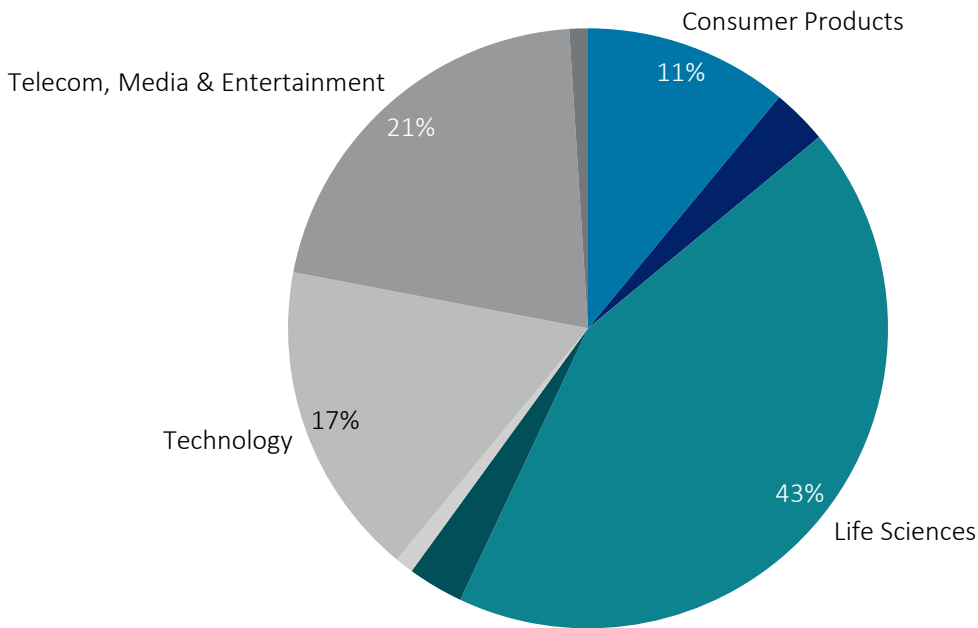
Competent Authority

General Secretariat for Research & Innovation (GGEK), Directorate for Research & Innovation Support, Department of Innovation
 Website: <http://www.gsrt.gr> | Phone: (+30) 213 1300 160, (+30) 213 1300 150
 Address: 14-18 Mesogeion Ave., 11527, Athens

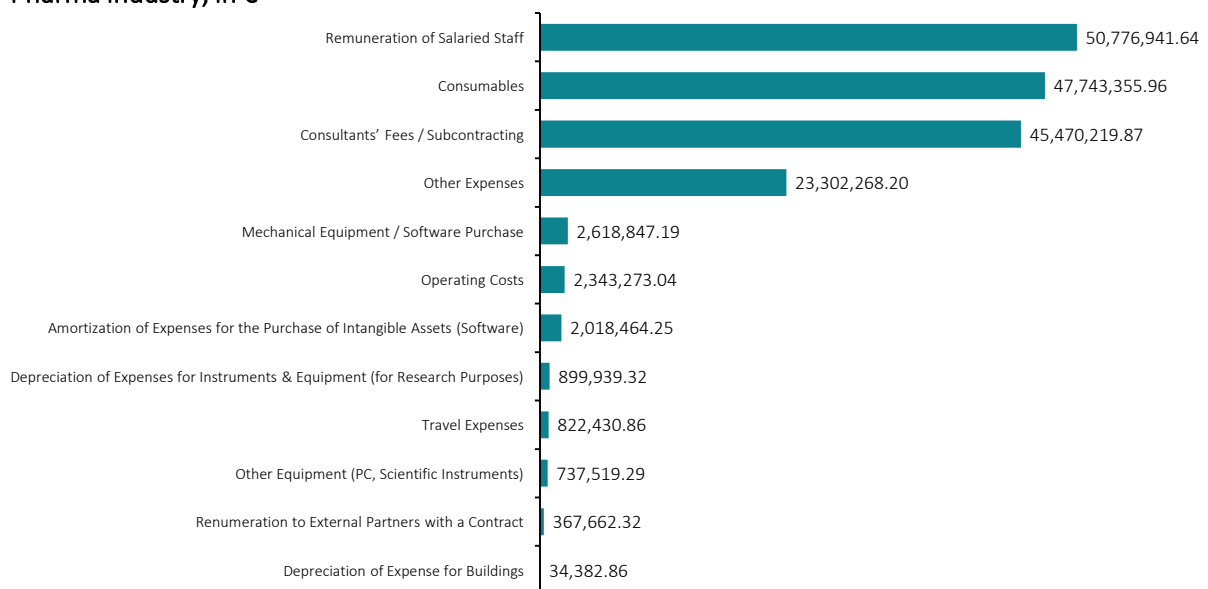
Innovation - Scientific and technological research (R&D) expenditure

Historical Data

Approved R&D Expenditure, FY 2017-2018 – € 101 mn



Scientific and Technological Research Expenses from 2013 – 2018, Pharma industry, in €



Innovation - Patent Box

Summary

Based on Article 71A of L.4172/2013, tax Patent Box incentive provides for a three year tax free period for profits originating from products / services, which are based on an international Patent that the tax payer possesses.

The provisions of the article 71A of Law No. 4172/2013 also concern newly established or existing enterprises to which the founder, shareholder or partner (natural or legal person) contribute an internationally recognized patent, during their establishment or increase of their share or company capital.



Eligible Entities

General characteristics of Patents

An “internationally recognized patent” is defined as one which has been granted and falls under at least one of the following cases:

- a) European Patent that is granted by the European Patent Office (EPO) and has been consolidated in Greece.
- b) Patent Certificate consolidated by the Industrial Property Organization (OBI) (excluded the Utility Model Certificates), which has also been consolidated in at least one country that:
 - has acceded to the European Patent Convention (EPC) or collaborates in framework, or
 - is a member of the OECD or an accession candidate country or an enhanced engagement country.

Eligible Activities

The incentive for the exemption is provided on the condition that the tax-exempt profits, which are calculated on the basis of the net profits declared in the timely income tax return, and which come from all the activities of the company, appear in a special reserve account.

Conditions

- The products are not considered as patent-protected, before the patent is officially validated by the competent authority.
- The 3-year tax-free period on profits commences from the fiscal year when the patent is officially validated. Income from patent-protected products developed after the end of the 3-year period, cannot be included under the provisions of Article 71A of Law 4172/2013.
- The tax authority that will audit the correct implementation of the provisions of Article 71A of Law 4172/2013, may reject any profits associated with income generated during fiscal years preceding the one that the patent was legally in force.

Benefit



The tax payer submits an application for inclusion to the Patent Box incentive, at the General Secretariat for Industry (GGB). In turn, GGB requests the Industrial Property Organization's (OBI) positive recommendation for the validity of the international patent and its use on the products. The decision granted by the Ministry of Economics and Development will include the name of the enterprise that shall fall under the provisions of article 71A of Law No. 4172/2013; the product or service that is manufactured or rendered, respectively; as well as the tax years for which the above mentioned regulation is valid and the tax exemption.

Innovation - Patent Box

Eligible Profit



The profits of a company from the sale of the products it has manufactured using a patent, internationally acknowledged in the name of the company and developed by it, shall be exempted from the income tax for three consecutive years, starting from the year during which income was collected for the first time from the sale of the aforementioned products. The exemption shall be also granted when the products are manufactured in third party's facilities. Moreover, it also applies to profits coming from the provision of services, when it regards exploitation of a patent, also internationally acknowledged.

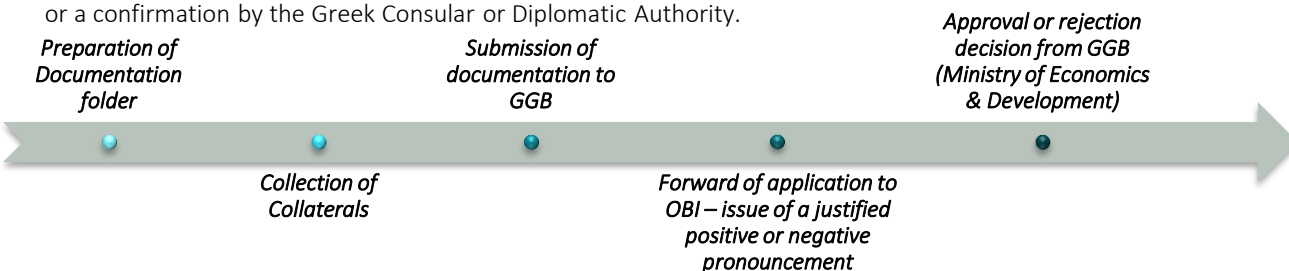
Tax exempted profits shall appear in a special reserves account and be calculated based on the net profits stated in the income tax statement. The profits are deducted from the books kept, appear in the balance sheet and come from all the company's activities, after deducting profits that are exempted from the income tax and the profits from the participation in other companies, the deductions stipulated for forming the statutory reserves and the year profits actually distributed or undertaken by the partners or the entrepreneur, as well as tax-exempt discounts for investments provided for by development laws. In case of sociétés anonymes and limited liability companies, the statutory reserves and the distributed profits shall be reduced to a mixed amount by the addition of the tax applicable to them.

Procedure & Timeline



By decision of the Minister of Economics and Development, the company that is subject to the provisions of Article 71A for the specific product or type of service produced or provided, as the case may be, shall be approved following a request submitted to the competent authority of the aforementioned Ministry. The supporting documentation, which must be legally attested, includes the following:

- A copy of the Patent Certificate;
- Validity certification of the patent or a receipt of paid fees to the competent patent office for the fiscal years that the tax exemption is requested;
- Proof of payment of the fee incurred by the examination process and levied by OBI, currently determined at EUR 1,000;
- Any additional necessary evidence to prove that all preconditions of the law are met.
- Documents pertaining from a foreign country must bear the Apostille stamp (Hague Convention, 5 October 1961), or a confirmation by the Greek Consular or Diplomatic Authority.



Competent Authority

Ministry of Development & Investments, General Secretariat for Industry (GGB)
 Website: <https://www.ggb.gr/en> | Phone: (+30) 210-3825790
 Address: 20, Kaniggos Sqr, 10200, Athens

Historical Data

During years 2010 - 2021, only Pharmathen Industrial S.A. applied to receive the incentive for numerous patent-related pharmaceutical products.

Investment (Capex-Opex) - Development Law 4399/2016

Summary

Development Law 4399/2016 is a framework for establishing state aid schemes for private investments and provides incentives (e.g., tax exemptions, employment subsidies, and cash grants) mainly for CAPEX investments.

Several state aid schemes are defined in the law, such as Aid for mechanical equipment, General entrepreneurship, New independent SMEs and Large investments which have been activated by ministerial decisions.

Eligible Entities



Beneficiaries of state aid are enterprises of one of the following legal forms:

- Société Anonyme (SA);
- Limited Liability Company (LTD);
- General & Limited Partnerships (PC);
- Private Limited Company (IKE);
- Sole proprietorship;
- Social Cooperative Enterprises of Law 4019/2011, Agricultural Cooperatives, Producers Groups, Rural Partnerships of Law 4384/2016;
- Enterprises under establishment or merging enterprises, with the obligation to complete the publicity procedures before the start of the investment plan;
- Joint ventures provided they are registered with the General Commercial Registry (GEMI);
- Public and municipal companies and their subsidiaries (under conditions).

Eligible Activities



- Manufacturing
- Waste management
- Tourism (set-up/ expansion/modernization of hotel and camping units of at least 3*, special tourism infrastructure facilities, agrotourism, youth hostels)
- Publishing
- ICT
- Other professional, scientific and technical activities (restrictions apply)
- 3PL Logistics
- Marinas, Water airport operations
- Manufacturing of agricultural products / primary production

Eligible Investment plans include the set up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment and fundamental change in the overall production process of an existing establishment.

Eligible Expenditure



- Building and landscape
- Machinery and other equipment
- Intangible assets
- Wage cost of new job positions for two (2) years (not in conjunction with other costs)
- Transportation means for in-site use
- Acquisition of assets belonging to an establishment that has closed

Under state aid scheme of "General Entrepreneurship", all of the above costs are eligible. Under state aid scheme of "Mechanical Equipment", only machinery and transport means are eligible.

Investment (Capex-Opex) - Development Law 4399/2016

Benefit



The maximum state aid provided to entities is defined by the regional aid map of Greece for years 2017-2021:

Investment Plan	Region	1/1/2017 – 31/12/2021		
		Small	Medium	Large
Initial investment for <u>Large enterprises</u> : only for new economic activity in the specific region (107.3.c)	EL301 Voreios Tomeas Athinon			
	EL302 Dytikos Tomeas Athinon			
	EL303 Kentrikos Tomeas Athinon	30%	20%	10%
	EL304 Notios Tomeas Athinon			
	EL305 Anatoliki Attiki			
	EL306 Dytiki Attiki			
	EL307 Peiraias, Nisoi	40%	30%	20%
Initial investment regardless of the beneficiary's size (107.3.a)	EL42 Notio Aigaio			
	EL41 Voreio Aigaio			
	EL51 Anatoliki Makedonia, Thraki			
	EL52 Kentriki Makedonia			
	EL54 Ipeiros	55%	45%	35%
	EL61 Thessalia			
	EL63 Dytiki Ellada			
	EL65 Peleponnisos			
	EL43 Kriti			
	EL53 Dytiki Makedonia	45%	35%	25%
	EL62 Ionia Nisia			
	EL64 Sterea Ellada			

Size of investment plans and maximum aid:

Eligible type of Enterprise	Minimum Budget	Maximum State Aid for an Investment Plan	Maximum State Aid for an Enterprise	Maximum State Aid for a Group
Large Enterprises	€ 500.000			
Medium Enterprises and Cooperatives	€ 250.000			
Small Enterprises	€ 150.000	Initially € 5m	Initially € 10m	Initially € 20m
Micro Enterprises	€ 100.000	Now € 10m	Now € 20m	Now € 30m
Social Cooperative Enterprises, Agricultural Cooperatives, Producers Groups, Rural Partnership	€ 50.000			

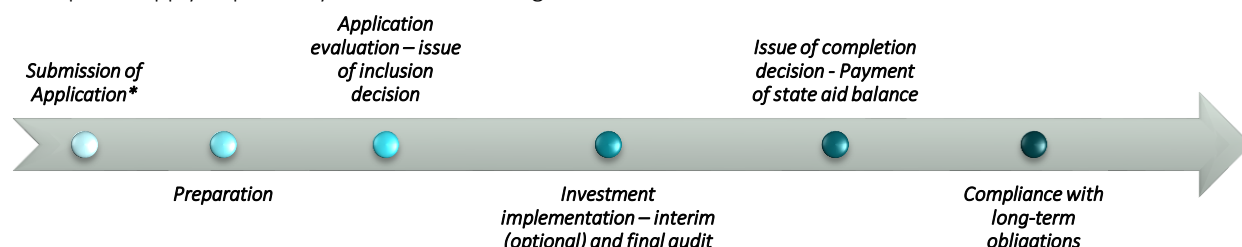
**State aid intensity is expected to increase by at least 10% from year 2022. New provisions are also under way, expected to add some eligible activities (such as Wholesale of pharmaceutical goods) and modify other aspects of the law (new aid schemes, new audit provisions etc.)*

Investment (Capex-Opex) - Development Law 4399/2016

Procedure & Timeline



Submission requests to the Development Law follow the publication of Calls for proposals for each state aid scheme, after the issue of relevant Ministerial Decisions. Investments in any sector of the economy may be eligible, several exemptions apply imposed by national and EU legislation.



** Beneficiaries must not start the investment before submission of the inclusion application. This includes the construction works or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible.*

Investment audits according to L.4635/2019

According to par.2 of L.4635/2019 (Gov. Gazette A'167/30.10.2019), which amended article 16 of Development Law 4399/2016, a certified auditor-accountant or audit company may certify the completion of investments and commencement of productive operations, at the option of the taxpayer and at the taxpayer's request. The provision applies to all approved investments under L.4399/2016 regimes.

Competent Authorities

Investment budget	Authority	Contact details
Less than € 3 mn	Administration of Development Planning - Region of Attica	Address: Andreas Syggrou Avenue 80-88, FIX, Athens, Attiki, 11741 Phone: 2132065305 / 2132065882 / 2132065300
	Administration of Development Planning - Region of Peloponnese	Address: Nafpliou 57, 22131, Tripoli Phone: 2713610118
	Administration of Development Planning - Region of West Greece	Address: N.E.O. Patron - Athinon 32, Patra 264 41 Phone: 694 884 8538
	Administration of Development Planning - Region of Central Greece	Address: Ypsilandou 1, Lamia, Fthiotida, 35100 Phone: 2231351222
	Administration of Development Planning - Region of Thessaly	Address: Koumoundourou, Papanastasiou Alexandrou, Larissa, 41223 Phone: 2413506235
	Administration of Development Planning - Region of Ipeirou	Address: Pyrrou Square 1, Ioannina, 45221 Phone: 2651087316 / 2651364316
	Administration of Development Planning - Region of West Macedonia	Address: Active Urban Planning Zone (SPA) of Kozani Phone: 2461052610-11-15
	Administration of Development Planning - Region of Central Macedonia	Address: Vasilissis Olgas 198, Thessaloniki, 54655, THESSALONIKI Phone: 2313319905
	Administration of Development Planning - Region of East Macedonia, Thrace	Address: G. Kakoulidis 1, 69133 Komotini Phone: 25313 52125
	Administration of Development Planning - Region of Crete	Address: Mousourou M. 15, Heraklion, 71201, HERAKLION Phone: 2813410178
	Administration of Development Planning - Region of South Aegean	Address: Saki Karagiorga & Panteli Vardaka, Ermoupoli 84100, Syros Phone: 2281098818
	Administration of Development Planning - Region of North Aegean	Address: Kountourioti 1, 811 00 Mytilene Phone: 22513 52100
	Administration of Development Planning - Region of Ionian Islands	Address: Alykes Potamou, PC 49100, Corfu Phone: 26610 39606, 26610 31696
	Administration of Development Planning - Region of Dodecanese	Address: M. Alexandrou 7, Old Town 85100, Rhodes Phone: 2241036200
More than € 3 mn	Directorate of Regional Development Policy of the Ministry of Interior and Administrative Reconstruction	Address: Headquarters, PC 54123, Thessaloniki Phone: 2310-379100
	Ministry of Development and Investment - General Directorate of Private Investment	Address: Nikis 5-7, PC: 101 80 Athens Phone: 210 33 32 641, 210 33 29 04

Investment (Capex-Opex) - Development Law 4399/2016

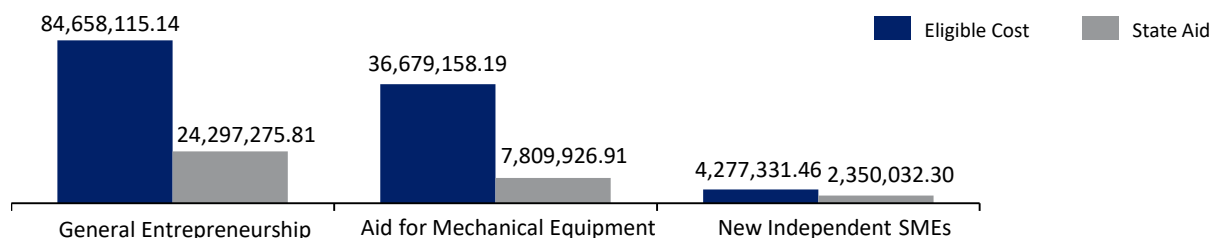
Historical Data

Historical data concerning the inclusion of investment plans in the Development Law 4399/2016, by scheme, eligible cost and state aid:

Company Name	Region	Submission	State aid schemes	Investment plan	Eligible Cost	State Aid	Percentage
SEPTONA SA	Central Greece	1th call	General Entrepreneurship	Production of cotton, carded or combed	1.716.722,00 €	429.180,50 €	25%
IASIS PHARMA	Attica	1th call	General Entrepreneurship	Establishment of a new unit for the production of pharmaceutical products	4.723.518,56 €	842.553,71 €	18%
ANFARM HELLAS SA	Attica	2th call	General Entrepreneurship	Expand the capacity of an existing unit and purchase equipment	5.727.752,00 €	2.004.713,20 €	35%
SEPTONA SA	Central Greece	2th call	General Entrepreneurship	Expansion of the capacity of an existing parapharmaceutical unit	11.736.977,93 €	2.934.244,48 €	25%
RONTIS HELLAS SA	Thessalia	3th call	General Entrepreneurship	Expansion of production capacity of an existing unit of drugs and medical devices with building expansion and addition of new mechanical equipment	10.543.407,76 €	3.690.192,71 €	35%
CANNA GLOBAL PATH SA	Central Greece	3th call	General Entrepreneurship	Establishment of a new processing unit for medical cannabis products	4.321.400,00 €	1.080.350,00 €	25%
TIKUN OLAM SA	Peleponnisos	3th call	General Entrepreneurship	Establishment of an integrated unit for the production of medicinal products from hemp	11.470.604,00 €	5.000.000,00 €	44%
RONTIS HELLAS SA	Thessalia	1th call	Aid for Mechanical Equipment	Expansion of production capacity of a factory for medicines and medical devices	6.099.175,17 €	2.134.711,31 €	35%
KOPER SA	Attica	1th call	Aid for Mechanical Equipment	Addition of new productive mechanical equipment to the production line of eye drops and dry injections	3.376.078,02 €	675.215,60 €	20%
PHARMATHEN INTERNATIONAL SA	Attica	1th call	Aid for Mechanical Equipment	Investment in mechanical equipment to increase production capacity by 25% for the produced pharmaceutical products caps & tabs and investment for 3 production lines of dry long-release injectable drugs for 5-fold increase in production capacity	27.203.905,00 €	5.000.000,00 €	18%
SYN INNOVATION LAB A.E.	Peleponnisos	1th call	New independent SMEs	Creation of a new radiopharmaceutical production unit used in early stage cancer detection tests (PET-CT Scan)	4.277.331,46 €	2.350.032,30 €	55%
PHARMAZAC S.A.	Attica	3th call	General Entrepreneurship	Creation of a new unit for the production of Radiopharmaceuticals	6.428.023,10 €	1.019.923,23 €	16%
FAMAR S.A.	Attica	5th call	General Entrepreneurship	Expansion of production capacity	5.013.316,20 €	1.253.329,05 €	25%
ANFARM HELLAS S.A	Attica	5th call	General Entrepreneurship	Construction of a new building	6.698.983,00 €	2.344.644,09 €	35%
SEPTONA SA	Central Greece	4th call	General Entrepreneurship	Production of cotton	8.177.410,59 €	863.144,85 €	10%
RONTIS HELLAS SA	Attica	5th call	General Entrepreneurship	Expansion of production capacity	8.100.000,00 €	2.834.999,99 €	35%

According to available data published in www.ependyseis.gr and www.diavgeia.gov.gr websites (last processing: 31/8/2021).

State Aid Schemes, in €



Investment (Capex-Opex) - Strategic Investments L.4608/2019

Summary

Strategic Investments are considered the investments, which due to their strategic importance for the national or local economy, can bring about quantitative and qualitative results of important intensity for the increase of employment, the reconstructing production, while highlighting the natural and cultural environment of the country in accordance with the principles of a socially just, balanced and sustainable development as well as with the National Development Strategy.



Eligible Entities

All legal entities, as stated in the general rules of the law, depends on of their activities below.

Eligible Activities *

1. Investments whose total budget exceeds EUR 100 million, as well as investments that create at least 75 new full-time employees (FTEs) and their total budget exceeds EUR 40 million - [Strategic Investments 1](#)
2. Investments that create at least 50 new FTEs and their total budget exceeds EUR 30 million. Investments within Organized Manufacturing and Business Activities Areas of par. 4 of article 41 of L. 3982/2011 (A' 143), must create at least 50 new FTEs and their total budget must exceed EUR 25 million - [Strategic Investments 2](#)
3. Investments made by internationally renowned legal entities, ranked among the first in their sector globally or in Europe, especially those promoting "green" energy and a low environmental footprint or investments in Manufacturing and Tourism sectors, which create at least 200 new FTEs in a sustainable way and their total budget exceeds EUR 200 million - [Flagship Investments](#)
4. Investments which create at least 30 new FTEs and their total budget exceeds EUR 20 million - ["Fast-track" strategic investments](#)
5. Investments, such as the investments of L.3389/2005 (A' 232), which have been approved by the inter-ministerial committee and the investments of article 8 of L.4271/2014 (A' 144) for European Energy Projects of Common Interest (PCI) - [Self-righteous strategic Investments](#)

Eligible Expenditure

Eligible expenditure to receive tax incentives under the Law are granted according to GBER 651/2014 state aid categories or upon European Commission's approval.

**It is noted that new provisions are under way, expected to modify the eligible categories of investments, the incentives provided and other aspects of the law.*

Investment (Capex-Opex) - Strategic Investments L.4608/2019

Benefit



Tax incentives

- Stabilization of income tax rate for 12 years
- Tax exemption, up to the state aid limits of eligible expenses according to EU GBER 651/2014 rules
- Accelerated tax depreciation of fixed assets by 100%
- Superdeduction of machinery tax depreciations by 130% (only for investments in the manufacturing sector)

Wage subsidies for new hires & grants for R&D

- Wage subsidies for new hires (disadvantaged or disabled workers), up to EUR 5 million.
- Grants for R&D activities:
 - EUR 20 million for industrial research
 - EUR 15 million for experimental development
 - EUR 7.5 million for feasibility studies

Spatial (location) Incentives

Following a positive decision of the inter-ministerial committee, the ministry may prepare a Special Spatial Development Plan for a specific strategic investment. Real estate expropriations are also foreseen.

“Fast track” licensing

All required permits and approvals for the implementation, installation or operation of a strategic investment, are coordinated by the General Directorate of Strategic Investments and issued within 45 calendar days.

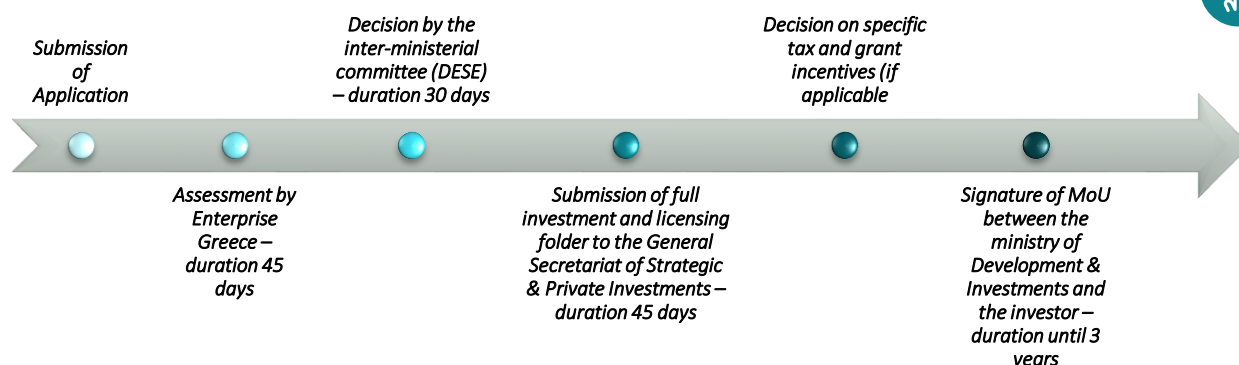
Strategic investments are categorized mainly based on their total budget and the new employment created, measured in FTEs. Depending on the category, they may receive the following incentives.

Strategic Investment Categories	Budget and new employment thresholds	Spatial (location) Incentives	Tax incentives	“Fast track” licensing	Aid for operating expenditure
Strategic Investments 1	100m € or 40 mn € and 75 FTEs	✓	✓*	✓	
Strategic Investments 2	30 mn € and 50 FTEs or 25 mn € and 50 FTEs (organized / industrial areas)		✓	✓	✓
Flagship investments	An internationally renowned entity or 200 mn € and 200 FTEs (Manufacturing & Tourism)	✓	✓	✓	✓
“Fast-track” strategic investments	20 mn € and 30 FTEs		✓*	✓	
Self-righteous strategic investments	Public-Private Partnerships (L.3389/2005) European Energy Projects of Common Interest (L.4271/2014)		✓*	✓	

* Only stabilization of income tax rate

Investment (Capex-Opex) - Strategic Investments L.4608/2019

Procedure & Timeline



Competent Authority

Enterprise Greece

Website: <https://www.enterprisegreece.gov.gr/> | Phone: (+30) 210 335 5700

Address: 109 Vasilissis Sophias Avenue, 115 21 Athens

Historical Data

ELPEN's investment in Law 4608/2019 – “Strategic Investments 2”



The Interministerial Committee for Strategic Investments, which met on December 30, 2020, approved the strategic investment of ELPEN (FEK B' 285/27.01.2021), with a budget of **51 million euros**. It is the first industrial investment included in Law 4608/2019 that combines investments in Industrial Research and Development (R&D) and Industrial Production. This investment concerns the design and development of a vertical activity of research, development, production and promotion of new high value-added medicinal products.

The investment will be made in the Attica Region and includes a factory for the production of pharmaceutical products in Keratea and a research and training center in Spata. The new research and education center will focus on research into marginal innovation therapies and the development of new drugs. It is estimated that the factory in Keratea will be ready in June 2022, while the works at the research and training center in Spata will be completed within 2023. This double investment is part of ELPEN's overall investment plan of over 100 million euros for the next four years.

Sustainability - CAPEX tax incentives for energy efficiency and water saving

Summary

According to the 1st case of par.10 of Article 24 of Law 4172/2013, assets related to energy efficiency or water saving can be super-depreciated by 100%. If the original depreciation coefficient is over 10%, the super depreciation is limited to an extra 10%. The tax incentive is applied for expenditures incurred after 14th June 2018.

The amounts of the increased depreciation are deducted from the net taxable income of legal persons or legal entities and natural persons engaged in business activities with the income tax statement for the tax year in which they relate. The calculation of increased depreciation starts from the following month in which the expenditure is classified as eligible. If after deducting the depreciation losses occur, they are transferred according to the provisions of Article 27 of Law 4172/2013.



Eligible Entities

All legal entities, as stated in the general rules of the law, regardless of their legal form.

Eligible Activities

Assets related to energy efficiency or water saving can be super-depreciated by 100%. If the original depreciation coefficient is over 10%, the super depreciation is limited to an extra 10%.

Eligible Expenditure – Energy Efficiency



- *Buildings, Constructions, Installations*
 - thermal insulation, air insulation, window/door frames, glazing
- *Machines and equipment not including computers and software*
 - replacement of heating / cooling / air conditioning / mechanical ventilation system
 - thermostatic heads
 - gas condensing boiler.
 - high-efficiency cogeneration.
 - renewable energy systems to meet the needs of the business:
 - high efficiency heat pumps.
 - energy-efficient biomass boilers
 - solar thermal systems.
 - photovoltaic and other renewable energy systems for power generation under energy netting or self-production
 - lighting (lighting upgrading with replacement of high energy efficiency lamps (LED))
 - Building Energy Management System (BEMS).
- *Other interventions related to energy savings in production processes.*

Eligible Expenditure – Water Savings



- *Buildings ,Constructions, Installations*
 - rainwater collection and use systems
 - wastewater collection systems for re-use / recycling
 - water quality upgrade systems for savings
 - construction / replacement of water transport networks to reduce water leakage (or savings)
 - any other facility serves to achieve water savings
- *Equipment and machinery*
 - mechanical or other equipment that contributes to water saving or is associated with building and water saving facilities
 - control systems and leakage control systems
- *Computer, main and peripheral software and software*
 - equipment that contributes to water saving or is associated with building structures, installations, machinery and water saving equipment
- *Other water saving interventions to replace existing system.*

Sustainability - CAPEX tax incentives for energy efficiency and water saving

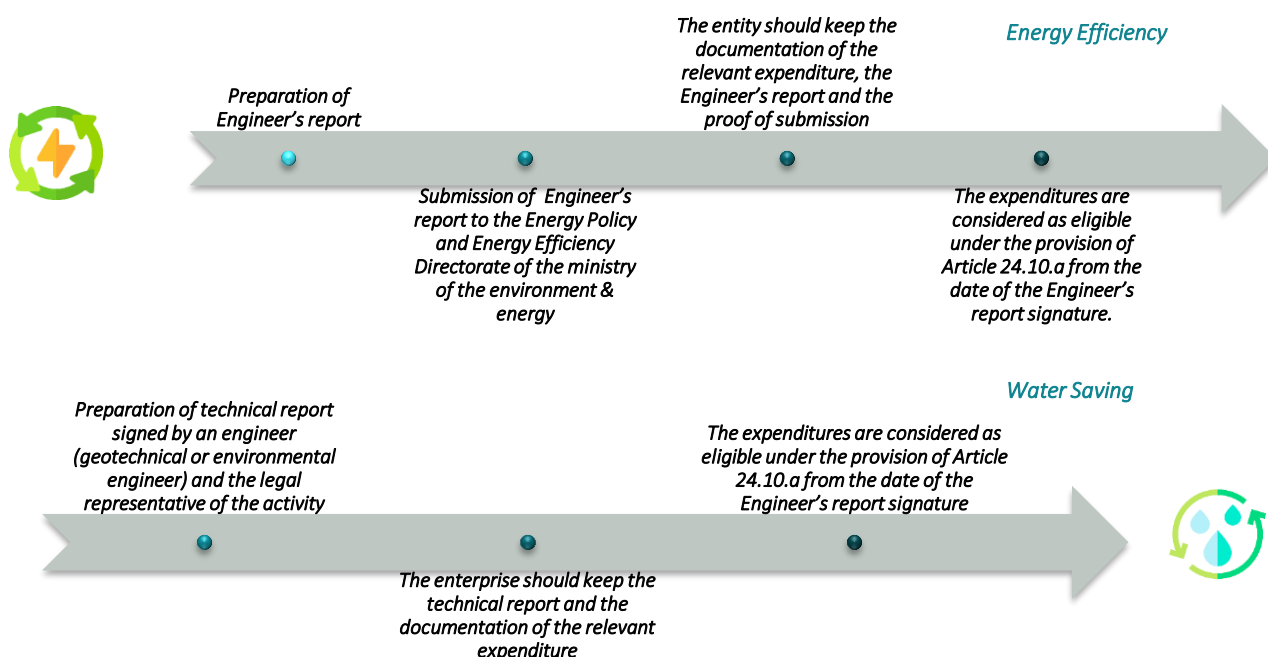
Benefit



The amounts of the increased depreciation are deducted from the net taxable income of legal persons or legal entities and natural persons engaged in business activities with the income tax statement for the tax year in which they relate. The calculation of increased depreciation starts from the following month in which the expenditure is classified as eligible.

Procedure & Timeline

The provision concerns assets acquired after 14/06/2018. The characterization of the assets under this provision is made after the relevant engineer report, which in case of energy efficiency, is forwarded to the Energy Policy and Energy Efficiency Directorate of the Ministry of Energy.



Competent Authority

Ministry of Energy, Energy Policy and Energy Efficiency Directorate
 Website: <https://ypen.gov.gr/> | Phone: (+30) 2131513443
 Address: 119 Mesogeion Av. 11526, Athens

Incentives for Greek Branches under L.89/1967 (modified by L.4605/2019)

Summary

Entities should either establish a new service or have a new recipient of an existing service. The eligible new service should generate new jobs in Greece and should not be provided by the eligible entity or any of the group companies in Greece prior to 2 years before the incentive inclusion request.

Establish a new service activity or a new recipient of an existing service, not provided by the eligible entity or any of the group companies in Greece for the two years prior to the request and the new service activity generates new jobs in Greece.



Eligible Entities

Eligible entities are existing or new branches of foreign entities and existing or new Greek companies providing shared services, according to article 1 and 2 of Law 4172/2013.

Eligible Activities



- Consulting services
- Accounting services
- Quality control
- Drafting of studies, plans and contracts
- Advertising and marketing
- Data processing
- Business intelligence
- Research and development (R&D)
- Software development, programming and information and communications technology (ICT) support
- Data storage and management
- Supplier, customer and supply chain management
- Human resources management and training
- Computer-based call center activities.

Eligible Expenditure

Minimum number of FTEs for the new service activity

Art. 6 of L.89, entity provides services abroad, exclusively within the group:

- 30 FTEs for R&D activities, software development and IT support
- 50 FTEs for any other eligible activities
- 100 FTEs for call center & telephone information services using computers

Art. 7 of L.89, entity provides services abroad

- 150 FTEs for any type of new activity

The entity should create the new FTEs within one year after the publication of the approval decision by the ministry and maintain the FTEs throughout the period of the state aid (5 full fiscal years).

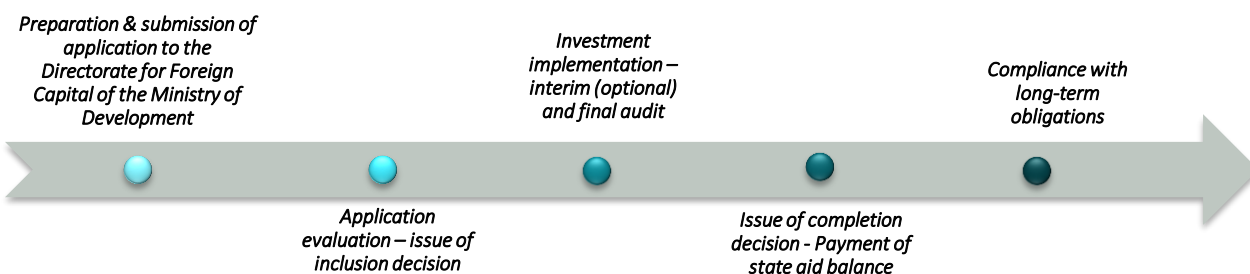
Incentives for Greek Branches under L.89/1967 (modified by L.4605/2019)

Benefit

L. 89 Incentives	Aid Intensity (%)	Limitations
Wage subsidies for the recruitment of disadvantaged and disabled workers	50%	<ul style="list-style-type: none"> up to EUR 3.5m maximum eligible expenditure up to EUR 35k wage cost (gross salary & social security contributions) for 12 months per person state aid up to EUR 5m per year
Grants for vocational training programs	50%	<ul style="list-style-type: none"> up to EUR 3m maximum eligible expenditure state aid up to EUR 2m per training program
Grants for R&D	<ul style="list-style-type: none"> 50% for industrial research 25% for experimental development 50% for feasibility studies 	<ul style="list-style-type: none"> state aid up to EUR 20m per project for industrial research state aid up to EUR 15m per project for experimental development state aid up to EUR 7.5m per study for feasibility studies
Wage subsidies and grants for installation costs of computer and communications systems	50%	<ul style="list-style-type: none"> up to EUR 400k maximum eligible expenditure up to EUR 35k wage cost (gross salary & social security contributions) for 12 months per person state aid up to EUR 200k for the past 3 years (in a rolling basis)

Procedure & Timeline

To establish a Greek branch under Law 89/1967, the applying entity must follow a specific procedure to obtain a special operation license by the government. The eligibility of expenditure is audited annually by an independent auditor and by the Ministry of Development & Investments.



Competent Authority

Ministry of Development & Investments, Foreign Capital Directorate
 Website: <http://www.mindev.gov.gr/> | Phone: (+30) 2103332312
 Address: 5-7 Nikis str., 10180, Athens

Tax incentives for the creation of new jobs

Summary

Article 71d of tax law 4172/2013, as implemented by the POL. 1244/31-12-2018, provides tax super deduction for an employer's social security contributions for the creation of new full-time jobs.



Eligible Entities

All legal entities, as stated in the general rules of the law, legal persons and legal entities (including physical persons engaged in a business activity) .

Eligible Activities



The incentive applies as from tax year 2019 and involves:

- Young people up to 30 years old at their recruitment date;
- Long-term unemployed persons registered with the Greek Manpower Employment Organization (OAED), or other unemployment funds similar in operation to the OAED, at the time of their recruitment.

The incentive also applies where part-time or rotation contracts, or service / project-based contracts, are converted into full-time employment contracts.

Eligible Expenditure – Average Number of Employees

The average number of employees in the year of recruitment is compared with the average number of the previous year.

The average number takes into account the total number of full-time employees on the last business day of each month, including those recruited to cover the company's extra or seasonal needs or on a leasing contract, provided that the wage costs are covered by the beneficiary company.

Eligible Expenditure – Affiliated / Merging Companies

In case of a company recruiting an employee who worked in a affiliated company (as defined in article 2 of Law 4172/2013), the first company can't use the tax incentive if the second has already used it for this employee. The first company can use the incentive for the remaining years, subject to the above conditions.

In addition to the year of recruitment or conversion of a contract into a full-time employment contract, the super deduction incentive is available for the following four (4) consecutive years, provided the average number of employees and the total employee wage cost for each year do not decrease compared to the previous year.

In case these conditions are not satisfied for any of the above, then the incentive is not granted for this year and the next ones.

Tax incentives for the creation of new jobs

Benefit



An employer's social security contributions for the creation of new full-time jobs are deductible at 150% from the gross revenues of legal persons and legal entities (including physical persons engaged in a business activity) and up to a maximum of 14 times the minimum wage of an unmarried employee over 25 years of age, provided both of the following conditions apply during the tax year the new full-time jobs were created:

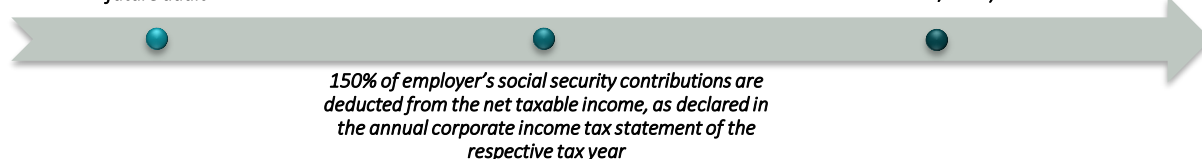
- There is an increase of the average number of employees during the year, compared to the average number of the previous year; and
- There is an increase of the total cost of employee wages during the year, compared to the previous year

Procedure & Timeline



Upon submission of the annual corporate income tax statement, enterprises should keep a Solemn Declaration for future audit

In case the super deduction results in loss, the amount of loss can be carried forward for up to five (5) years (article 27 L. 4172/2013).



Recent Announcements (Sep 2021)

- The already established program of subsidizing 100,000 new jobs is being expanded to cover 50,000 new jobs in excess.
- First Stamp: All new employees, aged between 18 and 29, with no previous work experience, that will be hired within 2022, will receive prepaid work time for their first 6 months. The subsidy will be at € 1,200 per month for the first 6 months of their employment. Half of this amount will be directed to the employee (in excess of its salary) as a motivation for finding a job, while the other half will go to the employer as a subsidy of payroll cost. For part-time employment that corresponds at least to 50% of full-time, half of the amount will be given.

Alternative taxation regime for employees and free-lancers

Summary

This alternative regime provides for a favorable alternative taxation for employees and free-lancers who transfer their tax residence in Greece.



Eligible Entities

The abovementioned regime apply to employees or individuals who transfer their tax residence in Greece in order to perform freelancing activity in the country.

Eligible Activities

In particular, in order for an individual to fall under such beneficial regime the following conditions should be cumulatively met:

- I. The individual should not have been a Greek tax resident for the last five (5) out of six (6) years before the transfer of the tax residence in Greece;
- II. (The individual should transfer his tax residence from an EU or EEA country or a country with which Greece has signed an administrative cooperation agreement in tax issues;
- III. The individual should provide employment services in Greece through for a Greek entity or a permanent establishment of a non-Greek entity covering a new job position; and
- IV. The individual should declare that will remain in Greece for at least two (2) years.

Eligible Expenditure

There are no eligible expenditures or costs for this alternative regime.

Benefit

The alternative taxation refers to the exemption from income tax and special solidarity tax on the 50% of the individual's Greek sourced employment income. No exemption from Greek inheritance and gift tax on any assets located outside Greece is granted as opposed to the alternative taxation regime for investors.

Procedure & Timeline

It is highlighted that the individual is obliged to file an annual Greek personal income tax return including any Greek and non-Greek sourced income.

This alternative taxation status may be maintained for a maximum of 7 years and the individual may request its revocation at any time.

Alternative taxation regime for investors

Summary

This alternative regime aims to attract foreign investments by providing tax incentives to high-net worth individuals who wish to transfer their tax residence to Greece.



Eligible Entities

Such regime provides the opportunity to any individual who wishes to invest in Greece a minimum amount of Euro five hundred thousand (€500.000), to be taxed on his total non-Greek sourced income in an alternative way compared to the standard provisions of the Greek Income Tax Code ("ITC").

Eligible Activities



More specifically, the requirements that should be cumulatively met, in order for an individual to fall under this regime, are the following:

- I. The individual should not have been a Greek tax resident for the past 7 out of 8 years, prior to the transfer of his tax residence in Greece; and
- II. The individual should invest in Greece a minimum amount of Euro five hundred thousand (€500.000), either directly, or indirectly through a relative or through a legal entity, in which that individual holds the majority of shares. Such investment should be completed within three (3) years from the date the individual applied to qualify as a non-dom and may relate to real estate, business, transferrable securities and shares in legal entities established in Greece. Previous investments may be taken into account, provided that they are completed from 12.12.2019 onwards.

Eligible Expenditure

There are no eligible expenditures or costs for this alternative regime.

Benefit

In addition, individuals who fall under this regime are exempted from inheritance and gift tax with respect to any gifted or inherited non-Greek assets.

The individual may request the extension of this alternative tax regime to his/her spouse as well as to his direct ascendants and descendants by paying an additional flat tax of Euro twenty thousand (€20.000) per person.

Procedure & Timeline

In case an individual qualifies as tax resident under such regime, he/she shall pay for his foreign (non-Greek) sourced income, irrespective of its amount, an annual flat tax of Euro one hundred thousand (€100.000). The above payment exhausts any tax liability with respect to any realized foreign income.

However, any foreign tax paid abroad is not offset against the above flat tax, while any Greek-sourced income shall be taxed according to the general provisions of ITC. It is noted that the individual is not obliged to declare his foreign income in Greece.

This alternative taxation status may be maintained for a maximum of 15 years and the individual may request its revocation at any time.

Alternative taxation regime for pensioners

Summary

This regime provides the opportunity to any individual who receives non-Greek sourced pension income and transfers his tax residence to Greece to be taxed in Greece on his total non-Greek sourced income.



Eligible Entities

Any individual who receives non-Greek sourced pension income and transfers his tax residence to Greece to be taxed in Greece on his total non-Greek sourced income in an alternative way compared to the standard provisions of the Greek Income Tax Code ("ITC").

Eligible Activities

The individual is eligible to apply for such regime provided that the following two conditions are cumulatively met:

- I. The individual should not have been a Greek tax resident for the past 5 out of 6 years, prior to the transfer of his tax residence in Greece; and
- II. The individual has been a tax resident of a country with which Greece has signed a treaty for administrative co-operation in the field of taxation.

Eligible Expenditure



There are no eligible expenditures or costs for this alternative regime.

Benefit

Upon acceptance of the individual's application to opt for such alternative taxation regime, the individual shall be taxed at a final flat tax rate of 7% on his total non-Greek sourced income with exhaustion of his tax liability on that income. Any taxes paid abroad with respect to the individual's foreign sourced income can be credited against the Greek tax liability up to the amount of Greek tax due.

No exemption from Greek inheritance and gift tax on any assets located outside Greece is granted as opposed to the alternative taxation regime for investors.

Procedure & Timeline

Any Greek-sourced income is taxed according to the standard provisions of the Greek ITC. It is highlighted that the individual is obliged to file an annual Greek personal income tax return including any Greek and non-Greek sourced income.

This alternative taxation status may be maintained for a maximum of 15 years and the individual may request its revocation at any time.

Personal income tax incentives for foreign employees working for Law 89 offices in Greece

Summary

According to the provisions of the Greek Income Tax Code ("ITC") the foreign personnel of the Law 89 offices operating in Greece, are subject to tax in Greece only on their Greek sourced income, despite adopting Greek tax residency.



Eligible Entities

The abovementioned regime apply to foreign employees working for Law 89 offices in Greece.

Eligible Activities

The above individuals have the obligation of filing Greek annual income tax returns declaring their worldwide income, nevertheless, no income tax is imposed on any non-Greek sourced income.

Eligible Expenditure

There are no eligible expenditures or costs for this alternative regime.



Benefit

The benefit can be provided for indefinite period as long as the individual keeps providing his/her services as an employee of a Law 89 office.

The abovementioned provisions may prove even more beneficial in combination with the recently introduced alternative taxation regime on employees. In particular, any individual being employed by a Law 89 office, who applies in parallel for the non-dom regime for employees, shall be subject to tax only with respect to 50% of his Greek sourced employment income, whereas any non-Greek sourced income shall be exempt from Greek income taxation.

Funding of Investments through the National Recovery and Resilience Plan (RRP)

Loan facility for private investments

Investment loans from International Financial Institutions and Commercial Banks. RRP's low interest rate loans will be directed towards long-term sustainable private investments that promote green and digital transition, as well as innovation, economies of scale and higher exports.

Main Characteristics for RRP Loans:

1. Immediate processing, by the banks, without unnecessary bureaucratic interventions in the selection and financing of the projects
2. Evaluation of loan application exclusively based on eligibility and banking criteria, also by independent organizations hired by the state
3. Maximum state funding up to 50% of the investment, thus significantly reducing the capital cost of the investors
4. Financing structure will be at least 30% by banks and 20% from investors' equity

Eligible Investments to Receive Funding

Eligible investments will be co-funded by **at least 50% from own capital funds and loans from the domestic banking system or/and European financial institutions** (EIB-European Investment bank, EBRD-European Bank for Reconstruction and Development).

Main Pillars



Green



Exports



Mergers, Acquisitions
& Partnerships



Digital



Research & Development

Key Lenders & Investment Channels

Loan Facility 1

International Financial
Institutions (IFIs)



Financing of medium and large private investment projects

Loan Facility 2

Commercial Banks



Financing of small, medium, large private investment projects.

Equity Platform instrument

Hellenic Development
Bank of Investments



Creation of Fund-of-Funds (FoF) for the financing of Share Capital or quasi-Share Capital, targeting the most dynamic and fast-growing companies and sectors.

Funding of Investments through the National Recovery and Resilience Plan (RRP)

Grants for scheduled reforms and investments in the Health Sector (approved)

Below is a list of grants provided through the RRP for the Health sector in general, via Component 3.3 (Improve resilience, accessibility and sustainability of healthcare, Pillar: Employment, Skills and Social Cohesion (Health, Education, Social Protection))

Type	Title	Grants budget (mn)
Reform	Reforms and acceleration of investments in the healthcare sector - clawback reduction	300 €
Reform	Reform of the primary health care system	273 €
Reform	Implementation of the national public health prevention program "Spyros Doxiadis"	254 €
Reform	Organizational reforms in the health system (ketekny, odipy)	9 €
Investment	NHS hospital renovation and infrastructure upgrade	317 €
Investment	Digital transformation of health	278 €
Investment	Establishment of a radiotherapy center at the "Sotiria" thoracic diseases hospital of Athens	32 €
Investment	Establishment of home health care and hospital at home systems	12 €
Investment	Project for the construction of a building dedicated to cellular and gene therapies and hematology clinic laboratories within the general hospital of Thessaloniki "Papanikolaou"	7 €

In addition, as from 1 January 2022 and for three years, selected expenses in equipment related to climate change adaptation, promotion of circular economy and digitalization, are super-deducted from the gross income of Small and Medium enterprises by 100%.

Funding of Investments through the National Recovery and Resilience Plan (RRP)

Examples of incentives for large scale, medium & micro investments

Incentives	Large Scale Investment	Medium Scale Investment	Micro Scale Investment
<i>Pharmaceutical clawback offset</i>	✓	✓	✓
<i>R&D Tax superdeduction</i>	✓	✓	✓
Development Law 4399/2016	✓	✓	
Strategic Investments L.4608/2019	✓		
Patent Box	✓	✓	✓
CAPEX tax incentives for energy efficiency and water saving	✓	✓	✓
L.89/1967	✓	✓	✓
Tax incentives for the creation of new jobs	✓	✓	✓
RRP – Recovery and Resilience Plan			

7. Appendices

R&D Tax superdeduction for scientific and technological research (R&D) expenditure (1/2)

Historical Data

Fiscal Year	Company	Approved R&D	Tax Deduction
2013	DEMO ABEE	2.283.581,14 €	178.119,33 €
	ELPEN AE	5.264.815,09 €	410.655,58 €
	ANFARM HELLAS S.A.	240.628,78 €	18.769,04 €
	VIANEX S.A.	1.487.241,43 €	116.004,83 €
	P – MEDICAL LTD	153.739,53 €	11.991,68 €
	PHARMATHEN	19.937.528,77 €	1.555.127,24 €
Total by category - 2013		29.367.534,74 €	2.290.667,71 €
2014	DEMO ABEE	2.548.355,93 €	198.771,76 €
	ELPEN AE	5.424.259,95 €	423.092,28 €
	PHARMAGNOSE S.A.	27.000,00 €	2.106,00 €
	ALFA LAB S.A.	58.330,24 €	4.549,76 €
	ANFARM HELLAS S.A.	505.371,90 €	39.419,01 €
	VIANEX S.A.	2.090.991,74 €	163.097,36 €
	P – MEDICAL LTD	170.796,29 €	13.322,11 €
	PHARMATHEN	19.842.211,63 €	1.547.692,51 €
Total by category - 2014		30.667.317,68 €	2.392.050,78 €
2015	DEMO ABEE	9.240.225,54 €	803.899,62 €
	ELPEN AE	5.153.230,21 €	448.331,03 €
	PHARMAGNOSE S.A.	3.376,00 €	293,71 €
	QUALIMETRIX AE	526.927,16 €	45.842,66 €
	ALFA LAB S.A.	146.329,51 €	12.730,67 €
	ANFARM HELLAS S.A.	372.380,21 €	32.397,08 €
	VIANEX S.A.	1.748.859,58 €	152.150,78 €
	YIANNIS VLASTOS & SIA OE	3.813,00 €	331,73 €
	WELLNESS – REHABILITATION CENTER SA	187.739,83 €	16.333,37 €
	ROUTSINAS IWANNIS - MICROBIOLOGICAL DIAGNOSTIC LABORATORY	37.594,10 €	3.270,69 €
	PHARMASERVE – LILLY AEBE	1.599.756,83 €	139.178,84 €
	PHARMATHEN	20.887.866,36 €	1.817.244,37 €
Total by category - 2015		39.908.098,33 €	3.472.004,55 €
2016	ADELCO ΧΡΩΜΑΤΟΥΡΓΕΙΑ ΑΘΗΝΩΝ ΑΔΕΛΦΩΝ Ε. ΚΟΛΟΚΟΤΡΩΝΗ ΑΕ	32.545,75 €	2.831,48 €
	ANFARM HELLAS S.A.	349.285,48 €	30.387,84 €
	DEMO ABEE	6.397.823,52 €	556.610,65 €
	ELPEN AE	5.341.544,89 €	464.714,41 €
	MERCK AE	670.182,83 €	58.305,91 €
	PHARMAGNOSE S.A.	160.068,81 €	13.925,99 €
	PROGNOSIS BIOTECH SA	140.739,31 €	12.244,32 €
	QUALIMETRIX SA	623.248,35 €	54.222,61 €
	SEPTONA ABEE	187.110,47 €	16.278,61 €
	VERISFIELD (UK)LTD	139.631,40 €	12.147,93 €
	VIANEX S.A.	1.950.920,87 €	169.730,12 €
	BIOKOSMOS AEBE	664.059,72 €	57.773,20 €
	YIANNIS VLASTOS & SIA OE	4.030,00 €	350,61 €
	RGCC - RESEARCH GENETIC CANCER CENTRE SA – PAPASOTIRIOU IWANNIS	211.439,97 €	18.395,28 €
	RAFARM SA	2.215.896,67 €	192.783,01 €
	PHARMAZAC SA	259.510,61 €	22.577,42 €
	PHARMASERVE – LILLY AEBE	2.006.849,65 €	174.595,92 €
	PHARMATHEN	24.996.314,87 €	2.174.679,39 €
	PHAROS PHARMACEUTICAL ORIENTED SERVICES LTD	1.071.525,57 €	93.222,72 €
Total by category - 2016		47.422.728,74 €	4.125.777,40 €
Total by category 2013 - 2016		147.365.679,49 €	12.280.500,44 €

R&D Tax superdeduction for scientific and technological research (R&D) expenditure (2/2)

Fiscal Year	Company	Approved R&D	Tax Deduction
2017	ABBVIE SA	1.517.704,19 €	132.040,26 €
	ADELCO SA	133.236,06 €	11.591,54 €
	ANFARM HELLAS S.A.	1.134.780,83 €	98.725,93 €
	DEMO ABEE	5.263.976,41 €	457.965,95 €
	ELPEN AE	6.621.490,45 €	576.069,67 €
	NOVO NORDISK HELLAS ΕΠΕ	358.905,31 €	31.224,76 €
	PHARMAGNOSE S.A.	22.479,08 €	1.955,68 €
	PROGNOSIS BIOTECH AE	202.113,69 €	17.583,89 €
	QUALIMETRIX SA	923.088,35 €	80.308,69 €
	VIANEX SA	2.258.555,53 €	196.494,33 €
	BIOKOSMOS AEBE	918.485,49 €	79.908,24 €
	RGCC - RESEARCH GENETIC CANCER CENTRE SA – PAPASOTIRIOU IWANNIS	226.461,38 €	19.702,14 €
	RAFARM A.E.B.E.	3.723.927,86 €	323.981,72 €
	PHARMAZAC SA	306.645,39 €	26.678,15 €
	PHARMASERVE – LILLY AEBE	2.458.590,77 €	213.897,40 €
	PHARMASSIST LTD	119.074,23 €	10.359,46 €
	PHARMATHEN	22.686.211,87 €	1.973.700,43 €
Total by category - 2017		48.875.726,89 €	4.252.188,24 €
2018	ABBVIE SA	2.251.503,36 €	195.880,79 €
	ADELCO SA	145.988,88 €	12.701,03 €
	ELPEN AE	8.943.106,38 €	778.050,26 €
	MERCK AE	511.876,70 €	44.533,27 €
	NOVO NORDISK HELLAS ΕΠΕ	710.814,19 €	61.840,83 €
	PROGNOSIS BIOTECH SA	187.334,66 €	16.298,12 €
	ANFARM HELLAS S.A.	1.295.302,18 €	112.691,29 €
	VIANEX SA	2.924.975,34 €	254.472,85 €
	RGCC - RESEARCH GENETIC CANCER CENTRE SA – PAPASOTIRIOU IWANNIS	284.132,58 €	24.719,53 €
	PHARMAZAC SA	1.004.911,23 €	87.427,28 €
Total by category - 2018		46.629.296,06 €	4.056.748,76 €
2019*	DEMO ABEE	4.471.472,22 €	321.946,00 €
	PHARMAZAC SA	728.101,26 €	52.423,29 €
Total by category - 2019		5.199.573,48 €	374.369,29 €
Total by category 2017 - 2019		100.704.596,43 €	8.683.306,29 €
Total by category 2013 - 2019		248.070.275,92 €	20.963.806,73 €

*results of appeals from previous years



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