

# KARELIA TOBACCO COMPANY INC.

Company's Number in the General Electronic Commercial Registry: 15082945000  
(former Company's Number in the Register of Societes Anonymes: 10174/06/B/86/126)  
Athinon str 24100 Kalamata

Figures and information for the period of 1 January 2020 until 30 September 2020

According to 4/507/28.4.2009 resolution of Greek Capital Committee

The figures illustrated below provide summary information about the financial position of KARELIA TOBACCO COMPANY INC. and its subsidiaries. We advise the reader, before making any investment decision or other transaction concerning the company, to visit the company's web site where the financial statements together with the review report of the external auditor, when required, are presented.

Company's web address: [www.karelia.gr](http://www.karelia.gr)  
Board of Directors approval date: 10/12/2020

CONDENSED STATEMENT OF FINANCIAL POSITION (Amounts in thousand Euros)				
	GROUP		COMPANY	
	30/09/2020	31/12/2019	30/09/2020	31/12/2019
<b>ASSETS</b>				
Tangible assets	84,756	85,457	84,619	85,211
Intangible assets	594	687	584	677
Other non current assets	40,306	35,072	41,431	36,122
Inventories	63,462	64,674	50,691	59,256
Trade receivables	18,470	25,644	18,109	19,988
Other current assets	420,600	407,946	409,043	389,732
<b>TOTAL ASSETS</b>	<b>628,188</b>	<b>619,480</b>	<b>604,477</b>	<b>590,986</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>				
Share Capital	32,651	32,651	32,651	32,651
Retained earnings and other reserves	499,598	480,375	484,398	466,828
Total share capital and reserves (a)	532,249	513,026	517,049	499,479
Minority interests (b)	-10	-10	0	0
Total Equity (c) = (a) + (b)	532,239	513,016	517,049	499,479
Provisions and other long-term liabilities	8,491	9,948	8,446	9,783
Other short-term liabilities	87,458	96,516	78,982	81,724
Total liabilities (d)	95,949	106,464	87,428	91,507
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES (c)+(d)</b>	<b>628,188</b>	<b>619,480</b>	<b>604,477</b>	<b>590,986</b>

CONDENSED STATEMENT OF CHANGES IN EQUITY (Amounts in thousand Euros)				
	GROUP		COMPANY	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
Equity balance at beginning of the period (1/1/2020 and 1/1/2019 respectively)	513,016	471,768	499,479	460,201
Total comprehensive income net of tax	45,167	50,216	43,514	48,754
Dividends	-25,944	-26,220	-25,944	-26,220
Equity balance at the end of the period (30/9/2020 and 30/9/2019 respectively)	<b>532,239</b>	<b>495,764</b>	<b>517,049</b>	<b>482,735</b>

#### NOTES (Amounts in thousand Euros)

- Prenotation for mortgages amounting to EUR 71,733 thousand on the Company's property, plant and equipment have been pledged as guarantee to the Greek State for deferment of Excise Duty and VAT.
- Number of employees at the end of the reporting period: Group 554 (30.9.2019: 566), Company 522 (30.9.2019: 533).
- The unaudited by the tax authorities fiscal years for the Company and the Group's subsidiaries are presented in detail in the note 7 of the financial statements.
- The Kalamata customs office, under the No 157/2012/17.01.2013 Assessment Act, assessed against the Company additional Excise Duty for EUR 343 thousand, as the difference between the tobacco excise duty which was declared and paid and the corresponding excise duty deriving from the amendment of the provisions of L.2960/2001 «National Customs Codes» of article 1 of L.2960/2001. Against this Act, the Company filed a legal recourse in front of the Tripoli Administrative Court of First Instance in 2013 and formed a provision.
- During the first six-month period of 2015, the Company paid to the Kalamata Tax Authorities an amount of EUR 3,059 thousand relating to tax on non-taxable reserves from the profits of FY 2003. These non-taxable reserves were created in accordance with Law 3220 / 2004. In accordance with article 107, paragraph 1 of the EU Treaty, these reserves have been considered as unlawful state aid which must be recovered by the Greek State, in accordance with Law 4099/2012 and Ministry of Finance Directive 1231/2013. Against this ruling, the Company filed, on 23 June 2015, a legal recourse in front of the Administrative Court of Tripoli, which was discussed, on 14 March 2017. The appeal was accepted by the court, and by virtue of its decision No 433/2017, this amount was returned to the Company on 31 July 2018. The Greek Tax Authorities have appealed against this Act.
- During November of 2016, the Company paid to the Kalamata Tax Authorities an amount of EUR 667 thousand relating to tax on non-taxable reserves from the profits of FY 2004. These non-taxable reserves were created in accordance with Law 3220 / 2004. In accordance with article 107, paragraph 1 of the EU Treaty, these reserves have been considered to amount to unlawful state aid which must be recovered by the Greek State, in accordance with Law 4099/2012 and Ministry of Finance Directive 1231/2013. Against this ruling, the Company filed, on 20 April 2017, a legal recourse in front of the Administrative Court of Tripoli, which, with its Decision No 500/2018 accepted the company's appeal; subsequently, this provision was reversed in FY 2018. The Greek Tax Authorities reserve the right to appeal against this Court ruling.
- In March 2016, the Hellenic Capital Market Commission, charged the Company with EUR 748 thousand for 2016, as per the official document "Notice of Account Fees". Against the aforementioned act, the Company submitted an annulment petition to the Athens Administrative Court of Appeal. In November 2016, the Hellenic Capital Market Commission affirmed to the Tax Authorities, the amount due by the Company of EUR 1,991 thousand, relating to contributions for the fiscal years 2014, 2015, and 2016. Against the aforementioned acts, the Company submitted an annulment petition to the Athens Administrative Court of Appeal for the contributions relating to the fiscal years 2014, 2015 and 2016. The Company paid the total amount of EUR 1,991 thousand in December 2016 and recognized an equal receivable amount from the Greek State. In respect of this receivable, the Company formed an equal doubtful debt provision in 2016, as the outcome of the case is uncertain. The account "Litigated Duties" in 2016 relates to this provision. In March 2017, the Hellenic Capital Market Commission, charged the Company with EUR 388 thousand for the fiscal year 2017, as per the official document "Notice of Account Fees". Against the aforementioned act, the Company submitted an annulment petition to the Athens Administrative Court of Appeal. The Company formed the appropriate provision in FY 2017. The Court of Appeal dismissed - for formal reasons - our appeals, stating that the disputed amounts should be decided by the Administrative Court of Kalamata, during the hearing on the objections that we have already filed.
- The companies of the Karelia Group, their respective addresses, the percentage of the parent Company participation in their share capital and their consolidation method are comprehensively presented in note 1 of the financial statements.
- The balance of other provisions on 30.9.2020 amounted:

	GROUP	COMPANY
Provision for litigations and claims	152	152
10) The accounting principles applied in preparing these interim condensed financial statements are the same as those applied for preparing the financial statements on 31.12.2019 except for the adoption of the new or amended standards and interpretations.		
11) Transactions during the period 1.1-30.9.2020 and balances as at 31 December 2019 with related parties, as defined in IAS 24, are as follows:		
	GROUP	COMPANY
a) Revenue	-	31,870
b) Commercial Receivables	-	6,703
c) Loans Granted to Subsidiaries	-	-
d) Commercial Liabilities	-	-
e) Receivables from loans to subsidiaries	-	21
f) Salaries and other short-term benefits of directors	2,847	2,680
g) Remuneration of the members of the BOD	368	368
h) Receivables from key management	-	-
i) Payables to key management	-	-

CONDENSED COMPREHENSIVE INCOME STATEMENT (Amounts in thousand Euros)				
	GROUP			
	1/1-30/9/2020	1/1-30/9/2019	1/7-30/9/2020	1/7-30/9/2019
<b>Revenue</b>	<b>831,774</b>	<b>768,731</b>	<b>316,334</b>	<b>292,547</b>
Gross profit	83,412	76,700	28,258	29,279
Profit before interest, taxes	64,888	58,127	22,846	23,337
Profit before taxes	59,588	69,515	17,494	31,950
<b>Profit after taxes (a)</b>	<b>45,511</b>	<b>50,095</b>	<b>13,265</b>	<b>23,092</b>
- Shareholders of the Company	45,513	50,098	13,264	23,093
- Minority interests	-2	-3	1	-1
Other comprehensive income/(expenses) after tax (b)	-346	121	-19	34
<b>Total comprehensive income after tax (a) + (b)</b>	<b>45,165</b>	<b>50,216</b>	<b>13,246</b>	<b>23,126</b>
- Shareholders of the Company	45,167	50,219	13,245	23,127
- Minority interests	-2	-3	1	-1
Basic earnings per share (in Euros)	<b>16.4895</b>	<b>18.1504</b>	<b>4.8062</b>	<b>8.3667</b>
Profit before interest, taxes, depreciation and amortization (EBITDA)	<b>70,475</b>	<b>62,866</b>	<b>24,784</b>	<b>25,152</b>

CONDENSED COMPREHENSIVE INCOME STATEMENT (Amounts in thousand Euros)				
	COMPANY			
	1/1-30/9/2020	1/1-30/9/2019	1/7-30/9/2020	1/7-30/9/2019
<b>Revenue</b>	<b>566,362</b>	<b>550,023</b>	<b>211,493</b>	<b>205,930</b>
Gross profit	79,230	73,635	26,590	27,795
Profit before interest, taxes	62,336	56,358	21,814	22,021
Profit before taxes	57,141	67,818	16,537	30,660
<b>Profit after taxes (a)</b>	<b>43,514</b>	<b>48,687</b>	<b>12,494</b>	<b>21,997</b>
- Shareholders of the Company	43,514	48,687	12,494	21,997
- Minority interests	0	0	0	0
Other comprehensive income/(expenses) after tax (b)	0	67	0	-3
<b>Total comprehensive income after tax (a) + (b)</b>	<b>43,514</b>	<b>48,754</b>	<b>12,494</b>	<b>21,994</b>
- Shareholders of the Company	43,514	48,754	12,494	21,994
- Minority interests	0	0	0	0
Basic earnings per share (in Euros)	<b>15.7659</b>	<b>17.6402</b>	<b>4.5268</b>	<b>7.9699</b>
Profit before interest, taxes, depreciation and amortization (EBITDA)	<b>67,814</b>	<b>61,008</b>	<b>23,718</b>	<b>23,797</b>

CASH FLOW STATEMENT (Amounts in thousand Euros)				
	GROUP		COMPANY	
	1/1-30/9/2020	1/1-30/9/2019	1/1-30/9/2020	1/1-30/9/2019
<b>Operating activities</b>				
Profit before taxes	59,588	69,515	57,141	67,818
Adjustments for:				
Depreciations	5,587	4,739	5,478	4,650
Provisions	-822	-1,205	-822	-1,117
Results (income, expenses, gains and losses) of investing activities	-565	-7,582	-516	-7,372
Interest expense	930	997	852	916
<b>Adjustments related to working capital accounts or to operating activities:</b>				
Decrease/(Increase) in inventories	2,034	19,078	9,387	18,952
Decrease/(Increase) in trade and other receivables	7,173	12,683	1,879	14,037
(Decrease)/Increase in liabilities	-16,504	11,711	-9,677	2,178
Less:				
Interest expense	-930	-997	-852	-916
Income tax (paid)/received	-9,901	-6,040	-9,600	-5,935
<b>Net cash flows (used in)/from operating activities (a)</b>	<b>46,590</b>	<b>102,899</b>	<b>53,270</b>	<b>93,211</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible assets	-3,008	-9,627	-3,008	-9,618
Sales of tangible assets	1	0	1	0
Purchase of financial assets through OCI	0	7,703	0	7,703
Purchase of securities	4,866	68,703	4,866	47,008
(Purchase) of financial assets at amortized cost	86,004	-47,873	86,004	-47,873
Repayment/(granting) of loans to subsidiaries	0	0	0	23,000
Capital increase of subsidiary	0	0	-125	0
Interest received	2,199	2,242	2,199	2,242
<b>Net cash flows (used in)/from investing activities (b)</b>	<b>90,062</b>	<b>21,148</b>	<b>89,937</b>	<b>22,462</b>
<b>Cash flows from financing activities</b>				
Pledged account	-45,500	-34,000	-45,500	-34,000
Minority interests	2	0	0	0
Lease payments	-293	-151	-189	-76
Dividends paid to shareholders of the Company	-25,950	-26,212	-25,950	-26,212
<b>Net cash flows from financing activities (c)</b>	<b>-71,741</b>	<b>-60,363</b>	<b>-71,639</b>	<b>-60,288</b>
<b>Net (decrease)/increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>64,911</b>	<b>63,684</b>	<b>71,568</b>	<b>55,385</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>279,622</b>	<b>218,344</b>	<b>261,408</b>	<b>181,339</b>
<b>Cash and cash equivalents at end of the period</b>	<b>344,533</b>	<b>282,028</b>	<b>332,976</b>	<b>236,724</b>

KALAMATA, December 10, 2020

VICE CHAIRMAN  
EFSTATHIOS G. KARELIAS

MANAGING DIRECTOR  
ANDREAS G. KARELIAS

FINANCE DIRECTOR  
GEORGE D. ALEVIZOPOULOS

ACCOUNTING MANAGER  
JOHN A. ARGIRIS