

Interim condensed
Financial Statements for

THREE MONTH PERIOD

1 January - 31 March 2021

KARELIA TOBACCO COMPANY INC

General Electronic Commercial Registry
(G,EM,I,) 15082945000(former
Commercial Registry for Societe Anonyme
10174/06/B/86/126) Athinon Str, 24100
Kalamata



Interim Statement of Profit or Loss and other Comprehensive
Income (Company and Consolidated) for the period ended 31
March 2021

(Amounts in thousands of Euro)		GROUP		COMPANY	
	Note	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Turnover	6	263,462	246,454	178,690	172,252
Cost of sales		(235,275)	(216,033)	(151,489)	(143,191)
Gross Profit		28,187	30,421	27,201	29,061
Administrative expenses		(2,206)	(2,524)	(1,898)	(2,308)
Distribution costs		(3,480)	(4,627)	(3,203)	(4,355)
Other operating income		680	733	679	733
Results from operating activities		23,181	24,003	22,779	23,131
Financial income-net		185	(1,207)	239	(1,182)
Exchange differences		7,289	4,545	7,289	4,545
Net profit before tax		30,655	27,341	30,307	26,494
Income tax	13	(6,596)	(6,586)	(6,519)	(6,446)
Net profit for the period		24,059	20,755	23,788	20,048
Λοιπά συνολικά έσοδα					
Other Comprehensive Income					
Foreign currency translation differences – Foreign operations		219	(207)	0	0
Net profit / (loss) on Investments at fair value through other comprehensive income		0	0	0	0
Deferred tax		0	0	0	0
Total Comprehensive Income		24,278	20,548	23,788	20,048
Net profit attributable to:					
Shareholders of the Company		24,059	20,756	23,788	20,048
Minority interests		0	(1)	0	0
Total		24,059	20,755	23,788	20,048
Total Comprehensive income attributed to:					
Shareholders of the Company		24,278	20,549	23,788	20,048
Minority interests		0	(1)	0	0
Total		24,278	20,548	23,788	20,048
Basic and diluted earnings, per share, after tax (in absolute figures)		8.7170	7.5199	8.6188	7.2638

Interim Statement of Financial Position (Company and Consolidated) as at 31 March 2021

(Amounts in thousands of Euro)

		GROUP		COMPANY	
Note	31.03.2021	31.12.2020	31.03.2021	31.12.2020	
ASSETS					
Long-term assets					
	556	576	545	566	
	81,410	83,137	81,330	83,027	
	47,711	34,187	47,711	34,187	
	0	0	1,650	1,650	
	39	35	36	32	
	129,716	117,935	131,272	119,462	
Current assets					
	64,773	60,106	50,828	55,297	
	15,875	15,073	16,539	15,034	
	58,773	29,378	58,773	29,378	
	11,904	14,500	11,904	14,500	
	362,712	388,883	352,971	370,779	
	514,037	507,940	491,015	484,988	
	643,753	625,875	622,287	604,450	
EQUITY AND LIABILITIES					
Equity					
	32,651	32,651	32,651	32,651	
	34	34	34	34	
	114,515	111,818	114,469	111,772	
	418,490	396,909	404,385	383,294	
	565,690	541,412	551,539	527,751	
	0	0	0	0	
	565,690	541,412	551,539	527,751	
Liabilities					
Long-term liabilities					
	4,562	3,124	4,630	3,205	
	4,010	3,995	3,822	3,808	
	193	355	183	338	
	8,765	7,474	8,635	7,351	
Current liabilities					
	65,320	71,513	58,444	64,314	
	0	152	0	152	
	407	337	338	245	
	3,571	4,987	3,331	4,637	
	69,298	76,989	62,113	69,348	
	78,063	84,463	70,748	76,699	
	643,753	625,875	622,287	604,450	

Interim Statement of Changes in Equity (Consolidated) for the period ended 31 March 2021

(Amounts in thousands of Euros)

Group

	Share Capital	Share Premium	Reserves	Retained earnings	Minority Interests	Total Equity
Balance as at 1 January 2020	32,651	34	108,654	371,687	(10)	513,016
Change in P&L and OCI						
Exchange differences	0	0	0	(207)	0	(207)
Net profit for the period	0	0	0	20,756	(1)	20,755
	32,651	34	105,516	392,236	(11)	533,564
Transactions with Shareholders- Direct effect to Equity						
Transfer to Reserves	0	0	3,232	(3,232)	0	0
Balance as at 31 March 2020	32,651	34	111,886	389,004	(11)	533,564
Balance as at 1 January 2021	32,651	34	111,818	396,909	0	541,412
Change in P&L and OCI						
Exchange differences	0	0	0	219	0	219
Net profit for the period	0	0	0	24,059	0	24,059
	0	0	0	24,278	0	565,690
Transactions with Shareholders- Direct effect to Equity						
Transfer to Reserves	0	0	2,697	(2,697)	0	0
Balance as at 31 March 2021	32,651	34	114,515	418,490	0	565,690

Interim Statement of Changes in Equity (Separate) for the period ended 31 March 2021

(Amounts in thousands of Euros)

Company

	Share Capital	Share Premium	Reserves	Retained earnings	Total Equity
Balance as at 1 January 2020	32,651	34	108,608	358,186	499,479
Change in P&L and OCI					
Net profit for the period	0	0	0	20,048	20,048
	32,651	34	108,608	378,234	519,527
Transactions with Shareholders- Direct effect to Equity					
Transfer to Reserves	0	0	3,232	(3,232)	0
Balance as at 31 March 2020	32,651	34	111,840	375,002	519,527
Balance as at 1 January 2021	32,651	34	111,772	383,294	527,751
Change in P&L and OCI					
Net profit for the period	0	0	0	23,788	23,788
	32,651	34	111,772	407,082	551,539
Transactions with Shareholders- Direct effect to Equity					
Transfer to Reserves	0	0	2,697	(2,697)	0
Balance as at 31 March 2021	32,651	34	114,469	404,385	551,539

Interim Statement of Cash Flows (Separate and Consolidated) for the period ended 31 March 2021

(Amounts in thousands of Euros)

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Net cash flows from operating activities				
Profit for the year after taxes	24,059	20,755	23,788	20,048
Adjustments for:				
Income tax	6,596	6,586	6,519	6,446
Impairment of tangible assets	0	0	0	0
Depreciation of tangible assets	1,721	1,802	1,706	1,800
Amortization of intangible assets	40	40	40	40
Depreciation of lessee use rights to leased assets	76	100	61	65
(Profit) from the sale of property	(1)	0	(1)	0
Interest income	(372)	(1,076)	(372)	(1,076)
Interest expense	416	933	363	908
(Loss) on valuation of financial assets through P&L	(463)	0	(463)	0
Loss from sale of financial assets through P&L	0	979	0	979
(Profit) on the valuation of financial assets at amortized cost	(748)	(638)	(748)	(638)
Provisions	(151)		(151)	
	31,173	29,481	30,742	28,572
Changes in Working Capital				
Decrease in stocks	(4,668)	(14,420)	4,469	(8,004)
Decrease in accounts receivable	(805)	8,007	(1,509)	(53)
(Decrease) in liabilities	(5,338)	(9,668)	(5,234)	(785)
Increase in staff leaving benefits	15	23	14	23
	(10,796)	(16,058)	(2,260)	(8,819)
	20,377	13,423	28,482	19,753
Interest paid	(416)	(933)	(363)	(908)
Income tax paid	(6,575)	(172)	(6,401)	0
Net cash flows from operating activities	13,385	12,318	21,718	18,845
Cash flows from investment activities				
Acquisition of tangible assets	(697)	(75)	(695)	(75)
Acquisition of intangible assets	(20)	0	(20)	0
Decrease of property	1	0	1	0
Sales of securities of financial assets through P&L	(28,932)	63,340	(28,932)	63,340
(Purchase) of financial assets at amortized cost	(10,179)	(10,307)	(10,179)	(10,307)
Capital increase of subsidiary	0	0	0	(41)
Interest received	372	1,076	372	1,076
Net cash inflows from investment activities	(39,455)	54,034	(39,453)	53,993
Cash flows from financing activities				
Lease payments	(90)	(100)	(62)	(63)
Dividends paid to shareholders of the Company	(11)	(14)	(11)	(14)
Net cash flows from financing activities	(101)	(114)	(73)	(77)
Net increase in cash and cash equivalents	(26,169)	66,238	(17,808)	72,761
Cash and cash equivalents at the beginning of the period	388,883	279,622	370,779	261,408
Cash and cash equivalents at the end of the period	362,712	345,860	352,971	334,169

1. Company Incorporation and Group activities

Karelia Tobacco Company Inc. (the "Company") is a Societe Anonyme, registered in Greece. The Company was founded in 1962 and specializes in the production and sale of tobacco products.

The Company's Head office is in Kalamata (Asprohoma - Athinon str.). Its website address is www.karelia.gr. The Company is listed in the Athens Stock Exchange.

The Financial Statements of the Company, for the year ended 31st March 2021 include the Separate and Consolidated Financial Statements.

The Company is managed by its Board of Directors composed of five members, elected by the Annual Shareholders General Assembly on 18 July 2018. The Board of Directors tenure expires on 17 July 2023. The Board of Directors structure is:

Executive Members

Efstathios G.Karelias – Vice chairman
Andreas G.Karelias – Managing Director

Non-Executive Members

Victoria-Margarita G.Karelia - Chairman
Vasilios Antonopoulos – Member
Robin Derlwyn Joy – Member

The General Assembly of Shareholders which was held on 18st July 2018 elected, Mr. Dimitrios Leventakis (Tax Consultant- Economist), Mr. Robin Derlwyn Joy (Non-Executive Member of the Board of Directors) and Prof. Vassilios G. Antonopoulos (Non-Executive Member of the Board of Directors), as members of the Audit Committee with a five-year tenure.

All amounts referred below are in Euros, unless otherwise stated in the individual notes, and any differences in amounts are due to rounding.

The Interim Consolidated Financial Statements include the Company and its subsidiaries (the "Group") as set out below:

Company	Location	Country	Percentage of shareholding	Consolidation Method
KARELIA TOBACCO COMPANY INC	Kalamata	Greece	Parent company	Full
MERIDIAN A.E.	Athens	Greece	99.54%	Full
KARELIA INVESTMENT INC	Kalamata	Greece	85.00%	Full
KARELIA TOBACCO COMPANY (UK) LTD	London	Great Britain	100.00%	Full
KARELIA BULGARIA EOOD	Sofia	Bulgaria	100.00%	Full
G.K. DISTRIBUTORS EOOD	Sofia	Bulgaria	100.00%	Full
KARELIA TÛTÛN VE TICARET A.Ş.	Istanbul	Turkey	97.00%	Full
KARELIA BELGIUM S.A.R.L.	Brussels	Belgium	85.00%	Full

All subsidiaries are incorporated in the Group with the full consolidation method.

The Separate and Consolidated Financial Statements (the "Financial Statements") have been approved for publication by the Board of Directors on 14 June 2021.

The number of employees of the Company as of 31 March 2021 was 521 employees and for the Group 552 employees.

2. Basis of preparation of Financial Statements – Statement of Compliance

The Interim Separate and Consolidated Financial Statements (the "Financial Statements") for the period from 1 January to 31 March 2021, have been prepared in accordance with International Accounting Standard 34 concerning Interim Financial Statements. They do not contain all the information required for annual financial statements and should be read in conjunction with the annual published Financial Statements for the year ended 31 December 2020, which have been published on the Company's website.

3. Basic Accounting Policies

General

In preparing these Financial Statements, the same accounting policies and methods of computation used for the year ended 31 December 2020. Analysis of the accounting policies is provided in the Notes to the Annual Financial Statements for the year ended 31 December 2020 which have been published on the Company's website.

4. Critical accounting estimates and assumptions in applying accounting policies

In preparing these Financial Statements, the significant assumptions adopted by management in applying the accounting policies are same as those adopted in the Annual published Financial Statements for the year ended 31 December 2020.

5. Other Information

Major extraordinary events have occurred during the period 1 January - 31 March 2021 which affect the Financial Statements.

The progress in vaccinations in most countries allows governments steps of relaxation in lockdown measures adopted previously, which together with the continuation of the monetary stimulus initiatives, are having a positive effect on economic growth and consumer behavior. These in turn allow us conservative optimism for the rest of the year. Nevertheless, we should not ignore the possibility of temporary turbulence due to variations in the nature of the pandemic, caused by mutations of the SARS-COV-2 virus.

It is inevitable that the initial months of 2021 compare negatively with those of the previous year, when COVID-19 had not spread and therefore, economic and travel activity had not been affected. Despite this expected drop in our volumes in travel retail and Duty-Free channels, we managed to maintain our overall shipments volume to that of the same quarter of last year, as we achieved sales growth in most of our international markets, as well as the excise market of Greece.

Prenotation for mortgages amounting to EUR 88,889 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.

Finally, we note that there is no seasonality in the production and in the operations of the Company.

6. Turnover

(Amounts in thousands of Euros)

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
International sales(*)	40,643	43,388	40,040	42,488
Domestic sales (net) (*)	11,723	11,742	11,580	11,698
Excise tax and V.A.T.	211,091	191,324	127,070	118,066
Total	263,462	246,454	178,690	172,252

The analysis of International Sales is as follows:

(Amounts in thousands of Euros)

Continent	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
European Union countries	15,399	14,488	14,796	13,588
Other European countries	8,185	6,208	8,185	6,208
Africa	15,034	14,644	15,034	14,644
Asia	2,025	8,048	2,025	8,048
Total	40,643	43,388	40,040	42,488

(*)The Group pays listing and merchandising fees to customers. Under IFRS 15, these listing/merchandising fees which derive from contractual obligations, are not treated as an expense for a separate service, but are deducted directly from net sales revenue. These 1/1-31/3/2020 fees, together with the promotional incentives paid to customers, amount to EUR 227 thousand for the Group and 149 thousand for the Company.

There is no customer with credit facilities generating more than 5% of the Company's gross turnover.

7. Tangible Assets

Group

(Amounts in thousands of Euros)	Land	Buildings & Installatio ns	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2020						
Cost						
Balance 01.01.2020	6,130	19,487	149,986	2,865	6,282	184,750
Additions	0	16	4,576	16	104	4,712
IFRS 16 Impairment	0	0	0	102	0	102
Disposals-Transfers	0	0	(1,866)	(18)	(81)	(1,965)
Balance 31.12.2020	6,130	19,503	152,696	2,965	6,305	187,599
Accumulated depreciation						
Balance 01.01.2020	0	12,242	79,504	2,026	5,521	99,293
Depreciation for the year	0	349	6,186	25	205	6,765
Amortization of right of use - IFRS 16	0	49	0	320	0	369
Impairment of tangible assets	0	0	(1,866)	(18)	(81)	(1,965)
Balance 31.12.2020	0	12,640	83,824	2,353	5,645	104,462
Net book value as at 31.12.2020	6,130	6,863	68,872	612	660	83,137
2021						
Cost						
Balance 01.01.2021	6,130	19,503	152,696	2,965	6,305	187,599
Additions	0	1	11	7	51	70
IFRS 16 Impairment	0	0	0	0	0	0
Balance 31.03.2021	6,130	19,504	152,707	2,972	6,356	187,669
Accumulated depreciation						
Balance 01.01.2021	0	12,640	83,824	2,353	5,645	104,462
Depreciation for the period	0	87	1,565	6	63	1,721
Amortization of right of use - IFRS 16	0	13	0	63	0	76
Balance 31.03.2021	0	12,740	85,389	2,422	5,708	106,259
Net book value as at 31.03.2021	6,130	6,764	67,318	550	648	81,410

Company

(Amounts in thousands of Euros)	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2020						
Cost						
Balance as at 01.01.2020	6,130	19,302	149,986	2,574	5,989	183,981
Additions	0	16	4,576	16	101	4,709
IFRS 16 Impairment	0	0	0	102	0	102
Disposals-Transfers	0	0	(1,866)	(18)	0	(1,884)
Impairment of tangible assets	0	0	0	0	0	0
Balance 31.12.2020	6,130	19,318	152,696	2,674	6,090	186,908
Accumulated depreciation						
Balance 01.01.2020	0	12,191	79,504	1,838	5,237	98,770
Depreciation for the year	0	349	6,186	23	182	6,740
Disposals-Transfers	0	17	0	238	0	255
Impairment of tangible assets	0	0	(1,866)	(18)	0	(1,884)
Balance 31.12.2020	0	12,557	83,824	2,081	5,419	103,881
Net book value as at 31.12.2020	6,130	6,761	68,872	593	671	83,027
2021						
Cost						
Balance as at 01.01.2021	6,130	19,318	152,696	2,674	6,090	186,908
Additions	0	1	11	7	51	70
Balance 31.03.2021	6,130	19,319	152,707	2,681	6,141	186,978
Accumulated depreciation						
Balance 01.01.2021	0	12,557	83,824	2,081	5,419	103,881
Depreciation for the year	0	87	1,565	6	48	1,706
Depreciation for the Right-of-use assets	0	3	0	58	0	61
Balance 31.03.2021	0	12,647	85,389	2,145	5,467	105,468
Net book value as at 31.03.2021	6,130	6,672	67,318	536	674	81,330

Land is not depreciated. Depreciation on the other tangible assets is calculated using the straight-line method over their estimated useful lives, as follows:

Buildings and installations

Electrical – Electronic - Air conditioning installations

Machinery for tobacco processing- Steam generating equipment

Machinery for cigarette makers, packers, filter makers

Motor vehicles

Computer equipment

Years

60

3 - 15

16 - 24

8 - 35

5 - 7

3 - 5

Note that the majority of the machinery is fully depreciated over 25 years.

The estimation of the machinery useful lives was based on past data (usage of machinery of similar type), as well as on past Company experience acquired over 100+ years of operations, along with the evaluation of the future conditions and trends of the markets. There is no change from the previous financial year.

There is no need for impairment, in the current fiscal year, since the tangible assets are measured at cost and due to the Company's strong profitability generated from them, they have high value in use.

Prenotation for mortgages amounting to EUR 88,889 thousand on the Company's property, plant and equipment have been pledged as guarantee to the Greek State for Excise Taxes deferment.

8. Earnings per share, after tax

Earnings per share after taxes, are calculated by dividing profit after tax attributable to shareholders by the weighted average number of shares in circulation during the reporting period, in accordance with the analysis below:

<i>(Amounts in thousands of Euros)</i>	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Net profit, after tax	24,059	20,755	23,788	20,048
Attributed to:				
Company's shareholders	24,059	20,756	23,788	20,048
Minority interests	0	(1)	0	0
Weighted average number of shares	2,760,000	2,760,000	2,760,000	2,760,000
Basic earnings per share (in absolute figures)	8.7170	7.5199	8.6188	7.2638
Diluted earnings per share (in absolute figures)	8.7170	7.5199	8.6188	7.2638

9. Investments at fair value through P&L

<i>(Amounts in thousands of Euros)</i>	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Listed Shares	5	5	5	5
Mutual Funds and Money Market Certificates listed	58,768	29,373	58,768	29,373
	58,773	29,378	58,773	29,378

10. Investments measured at amortized cost

<i>(Amounts in thousands of Euros)</i>	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Corporate Bonds	36,408	35,195	36,408	35,195
Financial Bonds	21,184	17,558	21,184	17,558
Government bonds	2,023	15,592	2,023	15,592
	59,615	68,345	59,615	68,345

11. Cash and cash equivalents

<i>(Amounts in thousands of Euros)</i>	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Cash in hand	15	16	13	13
Sight and time deposits	362,697	345,844	352,958	334,156
	362,712	345,860	352,971	334,169

12. Contingencies – Commitments – Subsequent Events

The Group has contingent liabilities relating to the Greek State, the Bulgarian State and United Kingdom HMRC, to banks for other guarantees and for other matters, such as legal cases arising from the Group's ordinary business activities. These cases are not expected to have a material effect on the Financial Statements. More specifically:

(a) The Company has granted Bank Letters of Guarantee to the Greek State, as security in respect to the amount of the Excise Tax, relating to goods in transit, which are under suspension of duty. On 31 March 2021, the value of these Bank Letters of Guarantee was EUR 211,381 thousand, while on 31 March 2020 their value was EUR 185,579 thousand. Pledges for mortgages amounting to EUR 88,889 thousand on the Company's property, plant and equipment have been pledged as guarantee to the Greek State for Excise Taxes deferment.

(b) Subsidiary KARELIA BULGARIA EOOD has granted Bank Letters of Guarantee to the Bulgarian State as security for Excise Tax deferment. The value of these Bank Letters of Guarantee on 31 March 2021 was EUR 43,204 thousand compared to EUR 38,250 thousand on 31 March 2020.

(c) In order for the Bulgarian bank SOCIETE GENERALE EXPRESS to issue the necessary bank guarantees as required by Bulgarian customs, in favour of our subsidiary KARELIA BULGARIA EOOD, and which are described in paragraph (b), they had received on 31.03.2021 collateral bank guarantees of equal amount from CREDIT SUISSE AG, to which the company had pledged cash of an amount equal to EUR 45,500 thousand.

(d) Subsidiary KARELIA TOBACCO COMPANY INC has granted Bank Letters of Guarantee to the United Kingdom HMRC as security for Excise Tax deferment. The value of these Bank Letters of Guarantee on 31st March 2021 was GBP 400 thousand, compared to GBP 300 thousand on 31 March 2020.

(e) The Kalamata Customs Office, under its 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 the Tripoli Administrative Court of First Instance in 2013 and formed a provision.

(f) 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.

(g) 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 have appealed against this Act.

(h) 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 a provision.

The Court of Appeal dismissed - procedural reasons - our appeals, stating that the amount of fees should be judged by the Administrative Court of Kalamata, during the hearing on the objections that we have already filed.

(i) On 31 March 2021, there were litigations and claims the outcome of which, according to the Board's view, would not significantly affect the Company's results.

(g) The fiscal years for which the Company and its subsidiaries have not been audited by the respective tax authorities are described, in detail, in note 13 of the Financial Statements. The Management of the Company

believes that if, in case of such tax audit, additional tax charges arise, these will not have a material impact in the Financial Statements.

13. Corporation tax

According to current Greek tax regulations, Societes Anonymes are taxed for their total Profits at a 22% Tax Rate (2020: 24%),

Greek tax laws and regulations are subject to interpretations by the tax authorities. Corporation tax returns are submitted to the tax authorities on an annual basis, but the profits or losses declared for tax purposes remain temporarily unsettled until the tax authorities audit the tax returns and books of each company and after their audit, determine as final the related tax liabilities. Tax losses, to the extent they are recognized by the tax authorities, can be used to offset taxable profits of the next five years following the current year.

The Company has been audited by the tax authorities up to the Financial Year 2009. The tax obligations of the Company have not been audited by the tax authorities for Financial Year 2010. Until 31 December 2020, no auditing notification from the tax authorities has been received, thus any potential liability for FY 2010 is considered to have lapsed. The Company has received non-modified tax compliance certificates from its statutory auditor for every year from 2011 through to 2019 in accordance with Greek tax legislation. The Company does not expect any additional corporation tax obligations or penalties to arise as a result of a tax audit by the Greek tax authorities for the years from 2015 through to 2019, while FY 2011, 2012, 2013 and 2014 have been time-barred. However, based on certain risk-based criteria, the Greek tax authorities may select the Company as part of their review of entities that have received non-modified tax compliance certificates. In such cases, the Greek tax authorities have the right to perform their own tax audit for the selected financial year, taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. The Company received notification for a tax audit by the Greek tax authorities for the tax years 2015 – 2016, which is in progress.

The subsidiary MERIDIAN S.A., had been audited by the tax authorities up to the Financial Year 2010. The Company has received non-modified tax compliance certificates from its statutory auditor for every year from 2011 through to 2019 in accordance with Greek tax legislation. The Company does not expect any additional corporation tax obligations or penalties to arise as a result of a tax audit by the Greek tax authorities for the years from 2015 through to 2019, while FY 2011, 2012, 2013 and 2014 have been time-barred. However, based on certain risk-based criteria, the Greek tax authorities may select the Company as part of their review of entities that have received non-modified tax compliance certificates. In such cases, the Greek tax authorities have the right to perform their own tax audit for the selected financial year, taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. The Company has not received any notification from the Greek tax authorities for the tax years 2015 – 2019.

KARELIA INVESTMENT INC., has been audited since its establishment (1997) until Financial Year 2010. The Company has received non-modified tax compliance certificates from its statutory auditor for every year from 2011 through to 2019 in accordance with Greek tax legislation. The Company does not expect any additional corporation taxes or penalties to arise as a result of a tax examination by the Greek tax authorities for the years from 2015 through to 2019, while FY 2011, 2012, 2013 and 2014 have been time-barred. However, based on certain risk-based criteria, the Greek tax authorities may select the Company as part of their review of entities that have received non-modified tax compliance certificates. In such cases, the Greek tax authorities have the right to perform a tax examination for the selected tax year, taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. The Company has not received any notification from the Greek tax authorities for the tax years 2015 – 2019.

During 2016, the subsidiary KARELIA BULGARIA EOOD (2006) was audited by the tax authorities, up to the Financial Year 2012. The remaining foreign subsidiaries KARELIA TOBACCO COMPANY (UK) LTD (2002), KARELIA BELGIUM SARL and KARELIA TÛTÛN VE TICARET A.Ş (2008), have not been audited by their respective tax authorities. Consequently, the tax liabilities of the Company and its subsidiaries for Financial Years not yet audited have not been finalized yet. We anticipate that if additional tax charges arise in case of tax examination, these will not have material impact on the 31 December 2020 Financial Statements.

Income tax charged to results is analyzed as follows:

(Amounts in thousands of Euros)

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Current income tax	5,158	6,750	5,094	6,574
Deferred taxes	1,438	(164)	1,425	(128)
Total	6,596	6,586	6,519	6,446

14. Current provisions for liabilities and expenses

(Amounts in thousands of Euros)

	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Provision for litigations	0	152	0	152
Total	0	152	0	152

The **Provision for litigations**, relate to an employee, amounting to EUR 152 thousand.

As far as the subsidiaries are concerned, there is no justification for provisions related to financial years not yet audited by tax authorities, or for provisions related to litigation or arbitration.

15. Related party transactions

Related party transactions are as follows:

i) Sales of products and services

(Amounts in thousands of Euros)	31.03.2021	31.03.2020
MERIDIAN A.E.	58	56
KARELIA BULGARIA COMPANY EOOD	10,054	8,757
KARELIA TOBACCO COMPANY (UK) LTD	664	1,175
Total	10,776	9,988

Sales to subsidiaries are under the same conditions as for non-related parties.

ii) Outstanding balances derived from sales of products and services

(Amounts in thousands of Euros)	31.03.2021	31.03.2020
Receivables from related parties		
MERIDIAN A,E,	87	304
KARELIA BULGARIA EOOD	3,209	3,508
KARELIA TOBACCO COMPANY (UK) L.T.D.	670	1,342
KARELIA TÛTÛN VE TICARET A.Ş.	4	4
Total	3,970	5,158

iii) Outstanding balances derived from loans

(Amounts in thousands of Euros)	31.03.2021	31.03.2020
Receivables from related parties		
KARELIA INVESTMENT INC	0	21
Total	0	21

iii) Board of Directors and Executives remuneration (Top management)

(Amounts in thousands of Euros)

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Remuneration for the Members of the BOD	119	122	119	122
Salaries and other short-term benefits for Heads of Departments	648	1,383	591	1,327
	767	1,505	710	1,449

16. Dividends per share

The distribution of dividends to Shareholders is recognized as a liability in the Financial Statements on the date on which the distribution is approved by the General Assembly of Shareholders.

The Board of Directors of the Company, taking into account the results of FY 2020, will propose to the next Annual General Meeting of Shareholders, which will be held on 30 June 2021, dividend distribution, amounting to EUR 25.944 thousand, equivalent to EUR 9.40 per share. The proposed gross dividend is the same to that of the financial year 2019. Based on the share price of December 31 2020, the proposed dividend represents a dividend yield of 3.38%.

Kalamata, 14 June 2021

Vice Chairman

Managing Director

Finance Director

Accounting Manager

Efstathios G, Karelias

Andreas G, Karelias

George D, Alevizopoulos

John A, Argiris