KARELIA

FINE TOBACCOS SINCE 1888

Interim Condensed Financial Statements

SIX MONTH PERIOD

1 January - 30 June 2021

KARELIA TOBACCO COMPANY INC.

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

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Statements of Directors of KARELIA TOBACCO COMRANY INC.

(According to Article 5 par. 2 of Law 3556/2007)

The members of the Board of Directors of KARELIA TOBACCO COMPANY INC:

1. Victoria-Margarita G. Karelia, Chairwoman;
2. Efstathios G. Karelias, Vice-President;
3. Andreas G. Karelias, Managing Director

WE STATE THAT

As far as we are aware:

a. The Interim Condensed Separate and Consolidated Financial Statements of KARELIA TOBACCO COMPANY INC. for the first six-month period ended 30 June 2021, as well as the companies included in the Group consolidation taken as a whole, which were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, present a true view of the Assets and Liabilities, Equity and Profit for the six-month period ended 30 June 2021 of the Company, according to the provisions of paragraphs 3 to 5 of Article 5 of Law 3556/2007.

And

b. The Board of Directors Report on these Financial Statements present a true view of the information required under paragraph 6 of Article 5 of Law 3556/2007, and the decisions of the Hellenic Capital Market Commission.

Kalamata, September 27 2021

The Chairman	The Vice President	The Managing Director
Victoria-Margarita G. Karelia	Efstathios G. Karelias	Andreas G. Karelias

Board of Directors Report of the KARELIA TOBACCO COMPANY INC on the Interim Condensed Separate and Consolidated Financial Statements for the period 1 January to 30 June 2021

This report describes in summary form financial information concerning the Company KARELIA TOBACCO COMPANY INC. (the "Company") for the first six-month period of the current year, major events that took place during that period and their impact on the Interim Separate and Consolidated Financial Statements of the period ended 30 June 2021, henceforth (the "Financial Statements"). Moreover, major risks and uncertainties that the companies of the Group may face in the second half of the current financial year are described and finally, significant transactions conducted between the Company and its related parties are presented.

This report was prepared in accordance with the terms and conditions of article 5 of Law 3556/2016 and article 4 of the Decision 8/754/14.04.2007 of the Board of Directors of the Hellenic Capital Market Commission and accompanies the Financial Statements. Since the Company also prepares consolidated financial statements, this report is unified, with main reference to the consolidated financial information of the Company and its affiliates, while reference to the individual financial information of the Company is made only where appropriate or necessary for the better understanding of its contents.

This report, together with the Financial Statements and other elements required by law, are included in the first six month Financial Report of 2021.

The subject sections of the report as well as their content are as follows:

I. PERFORMANCE AND FINANCIAL POSITION

During first semester of 2021, Group net turnover (i.e. net of excise duties) increased by approximately 3.3%, when compared with the same period of last year, while gross profit over net sales increased by 1.19%.

During the first semester of 2021, international shipment volume showed an increase of 4.8% compared to the same period last year, with improved performance in the European Union, Balkan and African markets, while a decline in shipments was observed in the Far East, Middle East (including Turkey) and most remaining Asian travel retail outlets.

In the Greek market, the Company showed an increase in Net Turnover (i.e. net of excise duties) by 8.2%, in the first semester 2021, compared to the same period of the previous year.

Consequently, increased sales volumes in Greece and in most international markets resulted in market share gains in both ready-made cigarettes and fine cut tobacco.

During the first semester of 2021 we expanded our cooperation with Villiger in the Greek market by successfully launching the St Louis Blues cigar family which resulted in an increase in sales volume of Villiger cigars by 177% in the period compared to that of the previous year.

Stability, in operating costs, in terms of both actual value and ratio over turnover, was achieved for both the Group and the Company. The containment of operating costs and the reduction in production costs, following continuous successful negotiation with our tobacco and raw material suppliers, remain a top priority for the management of the Company and the Group. Recent price increase, due to inflationary pressures and material shortages in global supply, did not impact the results of the first semester 2021, since there was high safety stock, purchased at competitive prices, along with the contracts in force with our major suppliers. On the contrary, the gradual increase of international freight costs, primarily due to container shortages, mainly hedged by the scheduled increases in factory selling prices, where possible, as well as, by the improvement of foreign exchange rate of USD against EUR.

II. SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE CURRENT YEAR

Even though the rapid spread of the Covid-19 pandemic since early 2020 has caused unprecedented social disorder together with significant headwinds in worldwide supply and demand for goods and services, the financial and operational performance of the Group has not, so far, been negatively influenced except for sales in Duty Free and travel retail outlets.

Our production facility in Kalamata continued its operation without interruptions. Despite the spread of the pandemic during its subsequent waves, we have not faced any significant issues on the health and safety of our employees. This has been achieved by the implementation of strict protective measures, as well as actions to keep employees constantly informed of developments on COVID-19.

There have been no effects on the liquidity levels of the Group, or the turnover of affiliate companies caused by the pandemic crisis, except for reduced volumes in the travel retail markets of Greece, the United Kingdom and Turkey. On the contrary, the Group managed to improve its cash reserves during the first semester of 2021. However, we did experience considerable delays in the installation of new machinery, as lockdown measures prevented machine supplier specialized engineers from visiting our premises.

Management continues to monitor all developments related to the pandemic and undertake measures to ensure the safety and health of our employees and the operational continuity of the Group. In accordance with guidelines and suggestion by public Health and Civil Protection authorities, we have undertaken among others, the following measures:

- Constantly updating employees about new data on COVID-19, the mode of transmission, the prevention and protection measures and providing recommendations and instructions for personal hygiene, in accordance with the local instructions of the competent authorities.
- Uninterrupted provision of high quality personal protective equipment to employees (masks, antiseptics, gloves, etc.).
- Repeated disinfections of Company premises.
- Repeated employee PCR and Rapid tests, at the expense of the company, especially after any short-term absence for whatever reason and immediate exclusion of any employee who came in contact with a confirmed case.
- Work from home for office employees where appropriate.
- Implementation of safety procedures for all visitors (forwarders, contractors, technicians, etc.) to company premises.
- Conducting the Annual General Meeting of shareholders by teleconferencing, in compliance with the regulatory framework.
- Conducting Board of Directors meetings, Board of Director committee meetings and meetings of Company managers with their counterparties in other institutions, by teleconferencing whenever possible.
- Limiting travelling for business purposes.

III. PERSPECTIVES - MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF CURRENT YEAR

In terms of short-term prospects, the Board of Directors anticipates the continuation of satisfactory financial performance for the remaining months of the year. The gradual but steady recovery of social behavior to pro-pandemic levels, the slow improvement in demand in sectors which suffered greatly during the pandemic (e.g. travel retail) are reasons for cautious optimism. Nevertheless, the development of new mutations is, in most countries, partially offsetting the efforts by authorities to achieve immunity through vaccinations.

We do not anticipate significant changes in our sales performance in either the Greek or our international markets.

In the Greek market, the improved tourist season, the partial recovery of sales in Duty free outlets and the improvement in sales volumes of our premium brands, are expected to positively affect our Company's profitability in the second part of the year.

A similar positive performance is anticipated from our international markets of Bulgaria and the remaining Balkan countries, where the market share of our products is expected to grow. Improved shipments to our markets of Western and Eastern Europe, as well as Africa are expected, while the gradual easing of travel restrictions is expected to positively affect our sales in travel retail outlets in our Middle East and Far East markets.

However, we anticipate that inflationary pressures on procurement prices of raw materials and high international freight costs to continue, which will have a negative impact on our operational profitability. We expect to partially offset these developments through maintenance of significant stocks in key raw materials and through careful increases in factory prices, where possible. In any case it must be stressed that protecting the market share of our products remains a top priority for our Board.

We do not foresee an improvement in interest rates on deposits, at least in the short term. Furthermore, any projections on the exchange rate of the Euro versus the US dollar are, under the current economic climate, highly unreliable.

Risk Management

Stocks - Suppliers

The Group takes all necessary measures (insurance, storage) in order to minimize the risk of stock losses due to natural disasters, theft, etc. Furthermore, due to the fact that the Group operates in a sector where legislative interventions on packaging are frequent, management continuously reviews the value of its stocks and forms adequate provisions so that their value in the Financial Statements matches their fair value.

Credit risks

Due to the high fragmentation in the Group's customer base, there is no risk of dependence on specific customers; there is no customer purchasing on credit who generates more than 5% of the Company's gross turnover.

To safeguard against the risks arising from the credit terms given to customers, the Group where appropriate, requests from them additional guarantees for any credit facilities provided. Credit limits are set for each customer, which are reviewed in line with prevailing conditions, and if appropriate, credit terms are adjusted.

The Company and the Group form provision for doubtful debts, by reviewing periodically the receivables, based on the aging of unpaid balances and any recoverability issues that may arise.

Credit risk, which may occur from inability of financial institutions to meet their obligations towards the Group, in respect of the Group's investments and bank deposits, has been significantly reduced, since the vast majority of our cash reserves has been a) deposited with international banks of high credit rating, outside Greece, and b) invested in bonds of investment grade rating and international mutual funds of high risk diversification.

Currency risks

Currency risk is the volatility risk in the value of financial instruments, assets and liabilities due to changes in the foreign exchange rates.

The Company undertakes transactions denominated in numerous currencies, especially U.S. Dollars and, therefore, is exposed to foreign exchange risk. Hedging currency risk has not been deemed necessary, due to the Company's significant cash reserves. These significant cash reserves allow the Company to pay its obligations without delay or deferment and the flexibility to choose the appropriate time to convert foreign currencies (mainly US Dollars) into Euros at a favorable conversion rate.

There are no middle-term or long-term Company liabilities denominated in foreign currency, therefore the foreign currency exposure is related primarily to Assets.

In Bulgaria, the local currency BGN is pegged to the Euro (EUR / BGN = 1.95583), however, headwinds in the economy, or the effects of a new global recession, could increase the risk of destabilizing the exchange rate, while the scheduled entrance of Bulgaria into the eurozone may also coincide with a prior devaluation of the local currency.

Interest rate risk and liquidity risk

The interest rates risk refers to the volatility in the value of the return of interest bearing investments and to the volatility in borrowing costs, due to the change in interest rates. The majority of Assets and Liabilities of the Group are not subject to interest rate return/liability (excluding Cash and cash equivalents and Investments at amortized cost) and therefore the Group is not exposed to high risk of interest rate volatility.

The Group maintains significant cash reserves and investments in financial assets (EUR 514 mil, on 30.06.2021), the majority of which is deposited with international banks, outside Greece.

IV. RELATED PARTY TRANSACTIONS

Trading transactions between the Company and its related parties (persons and entities) during the first semester of fiscal year 2021 were conducted at arm's length, and have not been differentiated to the respective transactions conducted during the previous year 2020 and, therefore, they did not materially affect the financial position and performance of the parent Company during the first semester of 2021.

Intercompany sales during the first six months of 2021, along with loans, receivables and liabilities between the parent Company and its subsidiaries, on 30.06.2021, are shown in the table below:

(**Amounts in thousands of Euro)**	Sales of products	Receivables	Liquidity facilities	Loans	Liabilities
MERIDIAN A.E.	97	64	0	0	0
KARELIA BULGARIA EOOD	20,068	3,199	0	0	0
G.K. DISTRIBUTORS EOOD	0	0	0	0	0
KARELIA TOBACCO COMPANY (UK) LTD	1,665	678	0	0	0
KARELIA TÜTÜN VE TICARET A.Ş.	0	4	0	0	0
	21,830	**3,945**	**0**	**0**	**0**

Intercompany sales during the first six months of 2020, along with loans, receivables and liabilities between the parent Company and its subsidiaries, on 30.06.2020, are shown in the table below:

(**Amounts in thousands of Euro)**	Sales of products	Receivables	Liquidity facilities	Loans	Liabilities
MERIDIAN A.E.	88	336	0	0	0
KARELIA BULGARIA EOOD	17,101	2,734	0	0	0
G.K. DISTRIBUTORS EOOD	0	0	0	0	0
KARELIA TOBACCO COMPANY (UK) LTD	1,801	632	0	0	0
KARELIA TÜTÜN VE TICARET A.Ş.	0	4	0	0	0
KARELIA INVESTMENT INC.	0	0	21	0	0
	18,990	**3,706**	**21**	**0**	**0**

Finally, the remuneration of the Board of Directors and Group Management amounted to EUR 1,546 thousand for the period from 1 January to 30 June 2021 (EUR 2,385 thousand for the period from 1 January to 30 June 2020). Please see the analysis on note 16 of the Interim Condensed Financial Statements.

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Independent Auditors' Report
on Review of Condensed Interim Financial Information
(Translated from the original in Greek)

To the Shareholders of
KARELIA TOBACCO COMPANY INC

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed standalone and consolidated Statement of Financial Position of KARELIA TOBACCO COMPANY INC (the "Company") as at 30 June 2021 and the related condensed standalone and consolidated Statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended and the selected explanatory notes, which comprise the condensed interim financial information and which forms an integral part of the six-month financial report of articles 5 and 5a of L. 3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as incorporated in Greek Law, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Our review did not identify any material inconsistency or error in the statements of the members of the Board of Directors and in the information of the six-month Financial Report of the Board of Directors as defined in articles 5 and 5a of L. 3556/2007 in relation to the accompanying interim condensed financial information.

Athens, 28 September 2021

KPMG Certified Auditors S.A.

AM SOEL 114

Philippos Kassos, Certified Auditor Accountant
AM SOEL 26311

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Separated and Consolidated) for the 6 month period ended 30 June 2021

(Amounts in thousands of Euro)		GROUP		COMPANY	
	Note	**01.01-30.06.2021**	**01.01-30.06.2020**	**01.01-30.06.2021**	**01.01-30.06.2020**
Turnover	6	561,821	515,440	379,091	354,869
Cost of sales		(504,185)	(460,286)	(324,192)	(302,229)
Gross Profit		**57,636**	**55,154**	**57,899**	**52,640**
Administrative expenses		(4,763)	(6,018)	(4,183)	(5,604)
Distribution expenses		(8,761)	(8,647)	(8,129)	(8,067)
Other operating income		1,329	1,553	1,329	1,553
Results from operating activities		**45,441**	**42,042**	**43,916**	**40,522**
Financial income - net		473	(254)	579	(225)
Exchange differences		5,640	306	5,639	307
Net profit before tax		**51,554**	**42,094**	**50,134**	**40,604**
Corporation tax	7	(10,371)	(9,848)	(10,111)	(9,584)
Net profit for the period		**41,183**	**32,246**	**40,023**	**31,020**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		201	(327)	0	0
(b) Items that will never be reclassified to P&L					
Total comprehensive income		**41,384**	**31,919**	**40,023**	**31,020**
Net profit attributable to:					
Shareholders of the Company		41,197	32,249	40,023	31,020
Minority interest		(14)	(3)	0	0
Total		**41,183**	**32,246**	**40,023**	**31,020**
Total Comprehensive income attributed to:					
Shareholders of the Company		41,398	31,922	40,023	31,020
Minority interests		(14)	(3)	0	0
Total		**41,384**	**31,919**	**40,023**	**31,020**
Basic and diluted earnings, per share, after tax (in absolute figures)	8	**14.9214**	**11.6833**	**14.5011**	**11.2391**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Separated and Consolidated) for the 3 month period ended 30 June 2021

(Amounts in thousands of Euro)		**GROUP**		**COMPANY**	
	Note	**01.04-30.06.2021**	**01.04-30.06.2020**	**01.04-30.06.2021**	**01.04-30.06.2021**
Turnover		298,359	268,986	200,401	182,617
Cost of sales		(268,910)	(244,253)	(172,703)	(159,038)
Gross Profit		**29,449**	**24,733**	**27,698**	**23,579**
Administrative expenses		(2,557)	(3,494)	(2,285)	(3,296)
Distribution expenses		(5,281)	(4,020)	(4,926)	(3,712)
Other operating income		649	820	650	820
Results from operating activities		**22,260**	**18,039**	**21,137**	**17,391**
Financial income-net		288	953	340	957
Exchange differences		(1,649)	(4,239)	(1,650)	(4,238)
Net profit before tax		**20,899**	**14,753**	**19,827**	**14,110**
Corporation tax	7	(3,775)	(3,262)	(3,592)	(3,138)
Net profit for the period		**17,124**	**11,491**	**16,235**	**10,972**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		(18)	(120)	0	0
(b) Items that will never be reclassified to P&L					
Total comprehensive income		**17,106**	**11,371**	**16,235**	**10,972**
Net profit attributable to:					
Shareholders of the Company		17,138	11,493	16,235	10,972
Minority interests		(14)	(2)	0	0
Total		**17,124**	**11,491**	**16,235**	**10,972**
Total Comprehensive income attributed to:					
Shareholders of the Company		17,120	11,373	16,235	10,972
Minority interests		(14)	(2)	0	0
Total		**17,106**	**11,371**	**16,235**	**10,972**
Basic and diluted earnings, per share, after tax (in absolute number)		**6.2044**	**4.1634**	**5.8823**	**3.9754**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 30 June 2021

(Amounts in thousands of Euro)	Note	GROUP		COMPANY	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
ASSETS					
Long-term assets					
Intangible assets		519	576	509	566
Tangible assets	9	79,698	83,137	79,607	83,027
Investments at amortized cost	11	75,104	34,187	75,104	34,187
Participations		0	0	1,560	1,650
Other non-current assets		39	35	36	32
Total long-term Assets		**155,360**	**117,935**	**156,816**	**119,462**
Current assets					
Stocks		59,939	60,106	48,954	55,297
Accounts receivables		19,239	15,073	17,154	15,034
Investments at fair value through P&L	10	52,469	29,378	52,469	29,378
Investments at amortized cost	11	10,583	14,500	10,583	14,500
Cash and cash equivalents	12	375,379	388,883	363,607	370,779
Total Current Assets		**517,609**	**507,940**	**492,767**	**484,988**
Total Assets		**672,969**	**625,875**	**649,583**	**604,450**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves		116,782	111,818	116,535	111,772
Retained earnings		407,399	396,909	392,610	383,294
Equity attributable to shareholders of the Company		**556,866**	**541,412**	**541,830**	**527,751**
Minority interests		(14)	0	0	0
Total Equity		**556,852**	**541,412**	**541,830**	**527,751**
Liabilities					
Long-term liabilities					
Deferred taxes		5,258	3,124	5,304	3,205
Lessee lease liabilities due>1year		239	355	232	338
Staff leaving benefits		4,042	3,995	3,853	3,808
Total long-term liabilities		**9,539**	**7,474**	**9,389**	**7,351**
Current liabilities					
Suppliers and other payables		99,725	71,513	91,891	64,314
Current provisions for liabilities and expenses	13	0	152	0	152
Corporation taxes payable		6,546	4,987	6,246	4,637
Lessee lease liabilities due<=1year		307	337	227	245
Total Current Liabilities		**106,578**	**76,989**	**98,364**	**69,348**
Total Liabilities		**116,117**	**84,463**	**107,753**	**79,699**
Total Equity and Liabilities		**672,969**	**625,875**	**649,583**	**604,450**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Consolidated) for the period ended 30 June 2021

(Amounts in thousands of Euro)

Group	**Share Capital**	**Share Premium**	**Other Reserves**	**Retained earnings**	**Minority Interest**	**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	(327)	0	0	(327)
Net profit for the period	0	0	0	32,249	(3)	32,246
	0	**0**	**(327)**	**32,249**	**(3)**	**31,919**
Transactions with shareholders with direct effect to Equity						
Transfer to reserves	0	0	3,232	(3,232)	0	0
Dividends of FY 2019	0	0	0	(25,944)	0	(25,944)
Balance as at 30 June 2020	**32,651**	**34**	**111,559**	**374,760**	**(13)**	**518,991**
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	201	0	0	201
Net profit for the period	0	0	0	41,197	(14)	41,183
	0	**0**	**201**	**41,197**	**(14)**	**41,384**
Transactions with shareholders with Direct effect to Equity						
Transfer to Reserves	0	0	4,763	(4,763)	0	0
Dividends of FY 2020	0	0	0	(25,944)	0	(25,944)
Balance as at 30 June 2021	**32,651**	**34**	**116,782**	**407,281**	**(14)**	**556,852**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Separated) for the period ended 30 June 2021

(Amounts in thousands of Euro)

Company	Share Capital	Share Premium	Other 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	31,020	31,020
	0	**0**	**0**	**31,020**	**31,020**
Transactions with shareholders - With direct effect to Equity					
Transfer to reserves	0	0	3,232	(3,232)	0
Dividends of FY 2019	0	0	0	(25,944)	(25,944)
Balance as at 30 June 2020	**32,651**	**34**	**111,840**	**360,030**	**504,555**
Balance as at 1 January 2021	**32,651**	**34**	**111,772**	**383,391**	**527,751**
Change in P&L and OCI					
Net profit for the period	0	0	0	40,023	40,023
	0	**0**	**0**	**40,023**	**40,023**
Transactions with shareholders - with direct effect to Equity					
Transfer to reserves	0	0	4,763	(4,763)	0
Dividends of FY 2020	0	0	0	(25,944)	(25,944)
Balance as at 30 June 2021	**32,651**	**34**	**116,535**	**392,610**	**541,830**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the period ended 30 June 2021

(Amounts in thousands of Euro)	(Note)	GROUP		COMPANY	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit for the period		**41,183**	**32,246**	**40,023**	**31,020**
Adjustments for:					
Corporation tax	9	10,371	9,848	10,111	9,584
Depreciation of tangible assets		3,445	3,367	3,444	3,363
Amortization of intangible assets		82	81	82	81
Depreciation of lessee use rights to leased assets		180	201	123	130
(Profits) from sales of tangible assets		0	(1)	0	(1)
Interest income		(1,053)	(2,066)	(1,053)	(2,066)
Interest and other financial expenses		859	637	754	608
(Profits) / Losses on valuation of financial assets through P&L		(826)	22	(826)	22
Losses from sale of financial assets through P&L		22	446	22	446
(Profits) / Losses from the valuation of financial assets at amortized cost		(641)	68	(641)	68
Other financial income for financial assets at amortized cost		229	227	229	227
Loss of investments in fair value through results		0	0	90	50
Provision of inventory impairment		134	(822)	134	(822)
Increase in staff leaving benefits		47	(17)	45	(18)
		54,032	**44,237**	**52,537**	**42,692**
Changes in Working Capital					
Decrease in stocks		32	5,255	6,209	5,740
(Increase) / Decrease in account receivable		(4,169)	9,092	(2,124)	3,886
Increase / (Decrease) in liabilities		3,086	(21,968)	2,157	(14,975)
		(898)	**(7,621)**	**6,242**	**(5,349)**
		52,981	**36,616**	**58,779**	**37,343**
Interest and other financial expenses paid		(859)	(637)	(754)	(608)
Corporation tax paid		(6,728)	(220)	(6,404)	0
Net cash flows from operating activities		**45,394**	**35,759**	**51,621**	**36,735**
Cash flows from investment activities					
(Acquisition) of tangible assets		(897)	(190)	(810)	(190)
(Acquisition) / Disposal of intangible assets		(25)	1	(25)	1
(Acquisition) / Disposal of financial assets through P&L		(22,287)	1,449	(22,287)	1,449
(Acquisition) / Disposal of financial assets at amortized cost		(36,588)	86,004	(36,588)	86,004
Subsidiary Share Capital increase		0	0	0	(41)
Interest received		1,053	2,066	1,053	2,066
Net cash flows from investment activities		**(58,745)**	**89,330**	**(58,657)**	**89,289**
Cash flows from financing activities					
Collateral deposits		0	(45,500)	0	(45,500)
Lease payments		(143)	(200)	(125)	(127)
Dividends paid to shareholders of the Company		(11)	(14)	(11)	(14)
Net cash flows from financing activities		**(155)**	**(45,714)**	**(136)**	**(45,641)**
Net increase in cash and cash equivalents		**(13,504)**	**79,375**	**(7,172)**	**80,383**
Cash and cash equivalents at the beginning of the period		343,883	279,622	325,279	261,407
Cash and cash equivalents at the end of the period		**329,879**	**358,997**	**318,107**	**341,790**
Collateral deposits		45,500	45,500	45,500	45,500
Cash and cash equivalents (including Collateral deposits) at the end of the period		**375,379**	**404,497**	**363,607**	**387,290**

The accompanying notes on pages 15 to 28 are an integral part of the Interim Condensed Financial Statements.

Notes of the Interim Condensed Financial Statements (Separated and Consolidated) for the period ended 30 June 2021

1. Formation of the Company and Group's activities

Karelia Tobacco Company Inc. (the "Company") is a Societe Anonyme, registered in Greece, which was founded in 1962 and is specialized 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 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 and its composition is as follows:

Executive Members
Efstathios G. Karelias – Vice Chairman
Andreas G. Karelias – Managing Director

Non-Executive Members
Victoria - Margarita G. Karelia - Chairman
Vassilios G. Antonopoulos – Member
Robin Derlwyn Joy – Member

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

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:

Group Structure

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	89%	Full
KARELIA TOBACCO COMPANY (UK) LTD	London	Great Britain	100%	Full
KARELIA BULGARIA EOOD	Sofia	Bulgaria	100%	Full
G.K. DISTRIBUTORS EOOD	Sofia	Bulgaria	100%	Full
KARELIA TÜTÜN VE TICARET A.Ş.	Istanbul	Turkey	97%	Full
KARELIA BELGIUM S.A.R.L.	Brussels	Belgium	85%	Full

The number of employees of the Company, as of 30 June 2021, was 526 employees and of the Group 557 employees.

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

The Interim Condensed Separate and Consolidated Financial Statements (the "Financial Statements") for the period from 1 January to 30 June 2021 have been prepared in accordance with International Accounting Standard 34 for 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. The Financial Statements have been approved by the Board of Directors on 27 September 2021.

3. Basic Accounting Policies

3a. General

For the preparation of these Financial Statements, the same accounting policies and calculation methods applied as for the year ended 31 December 2020, with exception to the following IFRS amendments, presented in paragraph 3b below, which have been adopted by the Group as of 1 January 2021. The amendments and interpretations that apply for the first time in 2021 did not have a significant impact on the interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2021. Analysis of the accounting policies is provided in the Notes of the Annual Financial Statements for the year ended 31 December 2020 which have been published on the Company's website.

3b. Impact of new accounting standards and interpretations

The following new and amended standards and interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2021:

Amendments of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest rate benchmark reform – Phase 2"

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods.

The adoption of the amendments had no impact on Interim Condensed Financial Statements of the Group and the Company.

Amendment of IFRS 16 'Covid-19-Related Rent Concessions'

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The adoption of the amendments had no impact on Interim Condensed Financial Statements of the Group and the Company.

3c. New Standards and Interpretations effective in subsequent periods

The following new Standards and Interpretations are effective in subsequent periods.

Amendment of IAS 1 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2022)

In response to the Covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

These Amendments have not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendment of IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting policies effective for annual periods beginning on or after 1 January 2023)

The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

The Amendments have not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendment of IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use' (effective for annual periods beginning on or after 1 January 2022)

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities.

The amendment has not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendment of IAS 37 (Amendment) 'Onerous Contracts – Cost of Fulfilling a Contract' (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

The amendment has not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendment of IFRS 3 'Reference to the Conceptual Framework' (effective for annual periods beginning on or after 1 January 2022)

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognize contingent assets, as defined in IAS 37, at the acquisition date.

The amendment has not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022)

The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU. IFRS 9 'Financial instruments': The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test. IFRS 16 'Leases': The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the standard in order to remove any potential confusion about the treatment of lease incentives. Finally minor amendments to IAS 41 Agriculture.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendment of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The amendments have not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendments of IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)

The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty.

The amendments have not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Amendments of IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The Amendments have not yet been endorsed by the EU.

The adoption of the amendments is not expected to impact the Group's Financial Statements.

Attributing Benefit to Periods of Service (IAS 19 Employee Benefits) – IFRS Interpretation Committee (IFRS IC or IFRIC) Agenda Decision issued May 2021:

The International Financial Reporting Interpretations Committee issued the final agenda decision in May 2021, under the title "Attributing Benefits to Periods of Service" (IAS 19), which includes explanatory material regarding the way of distribution of benefits in periods of service following a specific defined benefit plan proportionate to that defined in Article 8 of Law 3198/1955 regarding provision of compensation due to retirement (the "Labor Law Defined Benefit Plan"). This explanatory information differentiates the way in which the basic principles and regulations of IAS 19 have been applied in Greece in the previous years, and therefore, according to what is defined in the "IASB Due Process Handbook (par 8.6)", entities that prepare their financial statements in accordance with IFRS are required to amend their Accounting Policy accordingly. Based on the above, the aforementioned final decision of the Committee's agenda will be treated as a Change in Accounting Policy and any related changes to be reported at the beginning of the comparison period. The aforementioned decision will be implemented in accordance with paragraphs 19-22 of IAS 8.

The Group is currently attributing retirement benefit over the period from employment to retirement age for its employees. The Group is in the process of assessing the effect of this IFRIC AD with the completion date to be determined by the end of the year in order to reflect the impact and retrospectively amend its financial statements to apply the IFRIC AD before 31 December 2021 reporting. The changes are expected to decrease the liabilities of the Group and the Company, whereas considering the high level of Equity for both Group and Company, no significant impact is expected on the figures of the Group and the Company.

4. Changes in 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

No major extraordinary events have occurred during the period 1 January - 30 June 2021 which have impacted the Financial Statements.

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

The analysis of **Turnover** is as follows:

	Group		Company	
(Amounts in thousands of Euro)	**30.06.2021**	**30.06.2020**	**30.06.2021**	**30.06.2020**
International sales	81,449	80,104	78,558	77,106
Domestic sales	25,775	23,722	25,611	23,668
Excise tax and VAT	454,597	411,614	274,922	254,095
Total	**561,821**	**515,440**	**379,091**	**354,869**

The analysis of **International Sales** is as follows:

(Amounts in thousands of Euro)

Geographical area	Group 30.06.2021	Group 30.06.2020	Company 30.06.2021	Company 30.06.2020
European Union countries	33,210	30,818	31,538	27,820
Other European countries	18,832	15,950	17,649	15,950
Africa	24,943	25,319	24,943	25,319
Asia	4,464	8,017	4,428	8,017
Total	**81,449**	**80,104**	**78,558**	**77,106**

(*)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 - 30/6/2021 fees, together with the promotional incentives paid to customers, amount to EUR 733 thousand for the Group and EUR 414 thousand for the Company.

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

7. 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. Income 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 the related tax liabilities as final. 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 deriving from Financial Year 2010, have not been audited by the tax authorities, however, the specific Financial Year has been time-barred. 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 future income taxes 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 themselves a tax audit for the selected tax year in question taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. A tax audit by the Greek Tax Authorities for the financial years 2015 - 2016 is currently in progress.

In addition, the tax auditing of Financial Year 2020 by the statutory auditors, in accordance with the article 65A of Law 4174/2013, is at its final stages of completion and no findings are expected to arise.

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 future income taxes or penalties to arise as a result of a tax audit by the Greek tax authorities for the Financial years from 2015 through to 2019, while Financial years 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 themselves a tax audit 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 Financial years 2015 – 2019.

In addition, the tax auditing of Financial Year 2020 by the statutory auditors, in accordance with the article 65A of Law 4174/2013, is at its final stages of completion and no findings are expected to arise.

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 future income taxes or penalties to arise as a result of a tax examination by the Greek tax authorities for the Financial years from 2015 through to 2019, while Financial years 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 themselves a tax audit 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.

In addition, the tax auditing of Financial Year 2020 by the statutory auditors, in accordance with the article 65A of Law 4174/2013, is at its final stages of completion and no material findings are expected to arise.

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 TÜTÜN 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 Financial Statements.

Corporation tax charged in Profit or Loss Statement is analyzed as follows:

(Amounts in thousands of Euro)	GROUP		COMPANY	
	01.01-30.06.2021	01.01-30.06.2020	01.01-30.06.2021	01.01-30.06.2020
Current income tax	8,287	10,892	8,013	10,617
Deferred taxes	2,084	(1,044)	2,098	(1,033)
Total	**10,371**	**9,848**	**10,111**	**9,584**

	GROUP		COMPANY	
	01.04 – 30.06.2021	01.04 – 30.06.2020	01.04 - 30.06.2021	01.04 - 30.06.2020
Current income tax	3,129	4,142	2,919	4,043
Deferred taxes	646	(880)	673	(905)
Total	**3,775**	**3,262**	**3,592**	**3,138**

8. Earnings after tax, per share

Earnings (after taxes) per share are calculated by dividing profit after tax attributable to shareholders by the weighted average number of shares in circulation during the reporting period, excluding own ordinary shares purchased by the Company:

(Amounts in thousands of Euro)	Group		Company	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit, after tax	**41,183**	**32,246**	**40,023**	**31,020**
Attributable to:				
Company's shareholders	41,197	32,249	40,023	31,020
Minority interests	(14)	(3)	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)	**14.9214**	**11.6833**	**14.5011**	**11.2391**
Diluted earnings per share (in absolute figures)	**14.9214**	**11.6833**	**14.5011**	**11.2391**

9. Tangible Assets

Group

(Amounts in thousands of Euro)	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2020						
Cost						
Balance as at 1 January 2020	**6,130**	**19,487**	**149,986**	**2,865**	**6,282**	**184,750**
Additions	0	16	4,576	16	104	4,712
IFRS 16 Additions	0	0	0	102	0	102
Disposals - Transfers	0	0	(1,866)	(18)	(81)	(1,965)
Balance as at 31 December 2020	**6,130**	**19,503**	**152,696**	**2,965**	**6,305**	**187,599**
Accumulated depreciation						
Balance as at 1 January 2020	**0**	**12,242**	**79,504**	**2,026**	**5,521**	**99,293**
Depreciation for the year	0	349	6,186	25	205	6,765
Right-of-use assets -IFRS 16	0	49	0	320	0	369
Disposals-Transfers	0	0	(1,866)	(18)	(81)	(1,965)
Balance as at 31 December 2020	**0**	**12,640**	**83,824**	**2,353**	**5,645**	**104,462**
Net book value as at 31 December 2020	**6,130**	**6,863**	**68,872**	**612**	**660**	**83,137**
2021						
Cost						
Balance 1 January 2021	**6,130**	**19,503**	**152,696**	**2,965**	**6,305**	**187,599**
Additions	0	18	23	7	107	155
IFRS 16 Additions	0	36	0	0	0	36
Disposals - Transfers	0	0	(5)	0	0	(5)
Disposals - Transfers – IFRS 16	0	(53)	0	(32)	0	(85)
Balance as at 30 June 2021	**6,130**	**19,504**	**152,714**	**2,940**	**6,412**	**187,700**
Accumulated depreciation						
Balance 1 January 2021	**0**	**12,640**	**83,824**	**2,353**	**5,645**	**104,462**
Depreciation for the period	0	175	3,161	12	97	3,445
Right-of-use assets -IFRS 16	0	38	0	142	0	180
Disposals - Transfers – IFRS 16	0	(53)	0	(32)	0	(85)
Balance 30 June 2021	**0**	**12,800**	**86,985**	**2,475**	**5,742**	**108,002**
Net book value as at 30 June 2021	**6,130**	**6,704**	**65,729**	**465**	**670**	**79,698**

Company

(Amounts in thousands of Euro)	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2020						
Cost						
Balance as at 1 January 2020	**6,130**	**19,302**	**149,986**	**2,574**	**5,989**	**183,981**
Additions	0	1Z	4,576	16	101	4,709
IFRS 16 Additions	0	0	0	102	0	102
Disposals - Transfers	0	0	(1,866)	(18)	0	(1,884)
Balance as at 31 December 2020	**6,130**	**19,318**	**152,696**	**2,674**	**6,090**	**186,908**
Accumulated depreciation						
Balance as at 1 January 2020	**0**	**12,191**	**79,504**	**1,838**	**5,237**	**98,770**
Depreciation for the year	0	349	6,186	23	182	6,740
Right-of-use assets -IFRS 16	0	17	0	238	0	255
Disposals-Transfers	0	0	(1,866)	(18)	0	(1,884)
Balance as at 31 December 2020	**0**	**12,557**	**83,824**	**2,081**	**5,419**	**103,881**
Net book value as at 31 December 2020	**6,130**	**6,761**	**68,872**	**593**	**671**	**83,027**
2021						
Cost						
Balance 1 January 2021	**6,130**	**19,318**	**152,696**	**2,674**	**6,090**	**186,908**
Additions	0	18	23	7	104	152
Disposals - Transfers	0	0	(5)	0	0	(5)
Balance as at 30 June 2021	**6,130**	**19,336**	**152,714**	**2,681**	**6,194**	**187,055**
Accumulated depreciation						
Balance 1 January 2021	**0**	**12,557**	**83,824**	**2,081**	**5,419**	**103,881**
Depreciation for the period	0	175	3,161	12	96	3,444
Right-of-use assets -IFRS 16	0	5	0	118	0	123
Balance 30 June 2021	**0**	**12,737**	**86,985**	**2,211**	**5,515**	**107,448**
Net book value as at 30 June 2021	**6,130**	**6,599**	**65,729**	**470**	**679**	**79,607**

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

	Years
Buildings and installations	60
Electrical – Electronic - Air conditioning installations	3 - 15
Machinery for tobacco processing - Steam generating equipment	16 - 24
Machinery for shoulder box production, cigarette makers, packers, filter makers	5 - 35
Motor vehicles	5 - 7
Computer equipment	3 - 5

It must be noted 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 deferment of Excise Duty and VAT.

10. Investments at fair value through P&L

(Amounts in thousands of Euro)	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Listed Shares	6	5	6	5
Mutual Funds & Foreign Money Market Funds	52,463	29,373	52,463	29,373
	52,469	**29,378**	**52,469**	**29,378**

Listed Shares have been valued at fair value, and the loss resulted from the revaluation has been recorded in the results of the period.

Mutual Funds & Foreign Money Market Funds, amounted to EUR 52,463 thousand (Company: EUR 52,463 thousand) are investments in mutual funds and Money Market Certificates issued and/or operated by foreign Financial Institutions. The valuation of these investments has been performed by their respective administrators and the valuation method hierarchy is level 2 because they consist of low-risk listed securities of short-term maturities.

The results (gain or loss) from the depreciation of the market value of the above investments are unrealized. The realized result (gain or loss)will occur at disposal of the above investments.

11. Investments measured at amortized cost

(Amounts in thousands of Euro)	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Corporate Bonds	52,246	32,335	52,246	32,335
Financial Bonds	31,415	16,352	31,415	16,352
Government Bonds	2,026	0	2,026	0
	85,687	**48,687**	**85,687**	**48,687**

The following table summarizes the book and fair value of investments which were measured at amortized cost in the Statement of Financial Position of the Group and the Company. Their fair and book values do not significantly differ compared to their value at amortized cost.

(Amounts in thousands of Euro)	Book Value	Fair Value
	30.06.2021	30.06.2021
Corporate Bonds	52.246	52,030
Financial Bonds	31.415	31,537
Government Bonds	2.026	2,034
	85.687	**85,601**

From the corporate, Financial and Government bonds which amounted to EUR 85,687 thousand (Company: EUR 85,687 thousand), an amount equal to EUR 70,206 thousand is invested in bonds of investment grade rating issued by governments, financial institutions and companies, while an amount of EUR 1,724 thousand is invested in a Hellenic Public Power Corporation (PPC) bond (credit rating BB-) and an amount of EUR 13,757 is invested in two Hellenic Petroleum (HELPE) bonds. The valuation method hierarchy is level 1 because they are traded in financial markets.

The business model of Group and Company for these investments is the earning of interest and other gains associated with the retention of bonds until maturity, save as in exceptional cases where liquidation before maturity is decided.

The measurement through amortized cost of bonds in this category is performed by the method of the real interest rate.

12. Cash and cash equivalents

(Amounts in thousands of Euro)	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Cash in hand	23	13	20	11
Sight and time deposits	375,356	388,870	363,587	370,768
Cash and cash equivalents per Statement of Financial Position	**375,379**	**388,883**	**363,607**	**370,779**
Collateral deposits	(45,500)	(45,500)	(45,500)	(45,500)
Cash and cash equivalents per Statement of Cash Flow	**329,879**	**343,383**	**318,107**	**325,279**

The Collateral deposits of EUR 45,500 thousand relates to cash deposits which have been pledged for the provision of bank guarantees (note 14c). The Company has the right to use this cash following an application, provided that the collateral deposit is replaced by pledging alternative financial instruments, without significant additional charges.

13. Provisions for other liabilities and expenses

(Amounts in thousands of Euro)	GROUP		COMPANY	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Provision for litigations and claims	0	152	0	152
	0	**152**	**0**	**152**

Provision for litigations and claims as of 31.12.2020 related to an additional claim by an employee amounting to EUR 152 thousand which was paid in January 2021.

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.

The estimate of the provisions was based on the history of the cases and on the assessments by the Company's Legal Counselors and Management.

14. Contingencies – Commitments

The Group has contingent liabilities relating to the Greek State and the Bulgarian State 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 for amounts of excise duty under suspension related to goods in transit. On 30 June 2021, the aggregate value of these Bank Letters of Guarantee was EUR 193,706 thousand, compared to EUR 152.542 on 30 June 2020. Furthermore 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 Duty and VAT 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 30 June 2021 was EUR 43,250 thousand compared to EUR 38,250 thousand on 30 June 2020.

(c) In order for the Bulgarian bank SOCIETE GENERALE EXPRESS to issue the necessary bank guarantees as required by Bulgarian customs, in favor of our subsidiary KARELIA BULGARIA EOOD, and which are described in paragraph (b), they had received on 30.06.2021 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) 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.

(e) 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.

(f) 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.

(g) 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 afore mentioned 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.

(h) On 30 June 2021, there were litigations and claims the outcome of which, according to the Board's view, would not significantly affect the Company's results.

(i) 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 7 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.

15. Capital Commitments

On 30 June 2021 there were no significant capital commitments for the Group.

16. Transactions and balances with related parties

KARELIA TOBACCO COMPANY INC. its subsidiaries, the subsidiaries of the subsidiaries, the Management and its Executives are classified as related parties of the Group.

The Company sells goods and services to related parties, and additionally provides interest free loans and liquidity facilities to them, whenever deemed necessary.

Sales of Company's products to related parties concern sales of products and merchandise. Selling prices are at cost plus a profit margin.

The transactions between the Company and its related parties, are conducted at arm's length, except for loans.

The following transactions were carried out with related parties:

i) Sales of goods and services

(Amounts in thousands of Euro)	01.01-30.06.2021	01.01-30.06.2020
MERIDIAN A.E.	97	88
KARELIA BULGARIA EOOD	20,068	17,101
KARELIA TOBACCO COMPANY (UK) LTD	1,665	1,801
Total	**21,830**	**18,990**

(Amounts in thousands of Euro)	01.04-30.06.2021	01.04-30.06.2020
MERIDIAN A.E.	39	32
KARELIA BULGARIA EOOD	10,014	8,344
KARELIA TOBACCO COMPANY (UK) LTD	1,001	626
Total	**11,054**	**9,002**

ii) Outstanding balances derived from sales of products and services

Receivables from related parties

(Amounts in thousands of Euro)	30.06.2021	31.12.2020
MERIDIAN A.E.	64	29
KARELIA BULGARIA EOOD	3,199	2,398
KARELIA TOBACCO COMPANY (UK) LTD	678	343
KARELIA TÜTÜN VE TICARET A.Ş.	4	4
Total	**3,945**	**2,774**

iii) Remuneration for Board of Directors members and department directors

(Amounts in thousands of Euro)	GROUP		COMPANY	
	01.01- 30.06.2021	01.01- 30.06.2020	01.01- 30.06.2021	01.01- 30.06.2020
Remuneration of the members of the BOD	255	252	255	252
Salaries and other short-term benefits of department directors	1,291	2,133	1,177	2,021
	1,546	**2,385**	**1,432**	**2,273**

There are no further transactions or receivable / liability balances with the afore mentioned BoD members and Department Directors.

17. Operating segments

The following information refers to operating segments of the Group Companies. which are subject to a separate analysis in the Financial Statements.

Operating segments are defined according to the structure of the Group and mostly relate to the segmentation of the activities of the Group in Greece and Overseas and on the basis that the Chief Operating decision makers monitor the financial information, separately, as disclosed by the Company and each of its subsidiaries included in the consolidation. Responsible for the monitoring and the decision making are the Managing Director and the General Manager.

The Company's management evaluates the impact of the operating segments according to operating profit and net profit.

Information on the operating segments of the Group's Greek entities is based on Greek Accounting Standards stipulated by Greek Law and is as follows:

(Amounts in thousands of Euro)	**30.06.2021**		**30.06.2020**	
	Greece (Activities of Parent Company and Greek Subsidiaries)	**International (Activities of Subsidiaries non-Greek)**	**Greece (Activities of Parent Company and Greek Subsidiaries)**	**International (Activities of Subsidiaries non-Greek)**
Revenues from customers	105,021	25,964	102,260	21,868
Financial income	1,057	0	2,255	0
Financial expenses	743	104	594	25
Total depreciation of fixed assets	2,621	51	2,628	3
Profit before taxes	50,727	1,537	39,877	1,594

Segment information and reconciliation to the Group's consolidated figures are as follows:

(Amounts in thousands of Euro)	**Group**	
	30.06.2021	**30.06.2020**
Revenues from external customers	130,985	124,128
Other operating income	(1,248)	(1,286)
Eliminations of intergroup sales (note17)	(21,830)	(18,990)
Other revenues	(683)	(26)
Excise and VAT (6)	454,597	411,614
Revenue in accordance with Profit or Loss and Other Comprehensive Income	**561,821**	**515,440**

(Amounts in thousands of Euro)	**Group**	
Profit/ Loss before taxes	**30.06.2021**	**30.06.2020**
Profit before taxes	52,265	41,471
Adoption from C.L.2190/1920 to IFRS	(747)	599
Eliminations of intergroup profits	36	24
Profit before taxes in accordance with Profit or Loss and Other Comprehensive Income	**51,554**	**42,094**

18. Dividends per share

The General Assembly of Shareholders which was held on 30 June 2021. The General Assembly of Shareholders decided to distribute as dividends for the financial year 2020 an amount equal to EUR 25,944 thousand, which is 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%

19. Significant Events Subsequent to the 30 June 2021 Statement of Financial Position

No significant events which might influence the Financial Statements for the first semester of FY 2021 have occurred following the date of the Statement of Financial Position.

Kalamata, September 27 2021

Vice Chairman	Managing Director	Finance Director	Accounting Manager
Efstathios G. Karelias	Andreas G. Karelias	George D. Alevizopoulos	John A. Argiris