



(Registration Number: 15082945000)

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REPORT OF THE INDEPENDENT NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS  
OF "KARELIA TOBACCO COMPANY INC" TO THE ANNUAL GENERAL MEETING OF  
SHAREHOLDERS FOR THE FINANCIAL YEAR 2021

Dear Shareholders,

This report was prepared jointly by the independent non-executive members of the Board of Directors (hereinafter the "BoD") of the Kalamata based Company "KARELIA TOBACCO COMPANY INC", with Registry No. 15082945000 (hereinafter "The Company"), in accordance with the Article 9 par. 5 of Law 4706/2020 and the guidelines of Hellenic Capital Market Commission. This report is addressed to the Annual General Meeting of Shareholders of the Company, which will be held on 8 June 2022.

The aim of this report is to inform the shareholders about the responsibilities and the role of the independent non-executive members of the BoD during 2021, according to the provisions of Law 4706/2020, of the Company's Rules of Operation and of the Greek Corporate Governance Code, adopted and applied by the Company.

According the provisions of Article 7 of Law 4706/2020, the independent non-executive members of the BoD have the following obligations: a) observe and supervise the strategic plan of the Company and its implementation, as well as the achievement of its goals, b) ensure the effective supervision of the executive members of the BoD, including the supervision and observation of their performance and c) examine and express opinions regarding proposals of the executive members, according to information provided.

In view of the above, the independent non-executive members of the BoD report the following:

The BoD met during 2021 with the necessary frequency to perform its duties effectively. The independent non-executive members of the BoD participated in all the meetings, effectively supervising the resolutions of the BoD, examining the proposals of the executive BoD members, expressing their opinion, encouraging productive discussions with the other members of the Board, and expressing their objective perception.

The composition of the BoD reflects the knowledge, skills, qualifications, experience and the diversity required to implement the corporate objectives and contribute to the effective management of the Company.

The executive members of the BoD are distinguished for their integrity, objectivity and professionalism and have the knowledge, skills, experience, independence of judgement and guarantees of morality and reputation required to perform their duties.

The BoD performs its duties effectively, aiming at the long-term interests and the sustainability of the Company, at the implementation of the Company's strategy, at the prudent and equivalent treatment of shareholders and at the balanced taking of decisions.

Furthermore, the Audit Committee and the Remuneration and Nomination Committee of the Company, which consist in majority by Independent non-executive members of the BoD and are convened in accordance with the applicable statutory and regulatory framework, assist the BoD to exercise its duties effectively.

The Company, in the context of implementing the operational strategy and achieving its goals, managed during 2021 to deliver a significant increase in sales turnover and an increase in the Company's pre-tax profits of 56%. The BoD monitors the developments in both the geopolitical and the economic environment and takes the appropriate measures to limit the consequences of the adverse conditions resulting from the pandemic as well as the strong inflationary pressures.

The Company complies with the statutory and regulatory framework governing its operation. Furthermore, the Company implements the Greek Corporate Governance Code which it has adopted, and indicates the deviations from its specific practices, as well as a reasoned explanation for the deviation, in the Corporate Governance Statement of the BoD for the financial year 2021.

The items of the agenda of the Annual General Meeting of shareholders, to which this report is addressed, as well as the draft resolutions of the BoD, with detailed opinion on the items of the agenda, were approved unanimously by the BoD.

The independent non-executive members of the BoD confirm their agreement with the content of the Management Report of the BoD of the Company and the Corporate Governance Statement for the financial year 2021, which were approved by the BoD on 27.04.2022. The Management Report of the BoD has been included in the Financial Report for the financial year 2021 and is available on the website of the Company (<https://www.karelia.gr/wp-content/uploads/2022/04/31-12-2021-FS-English.pdf>).

Kalamata, May 2022

The Independent non-executive members of the Board of Directors of

“KARELIA TOBACCO COMPANY INC”