



Interim Condensed
Financial Statements

3 MONTH PERIOD

1 January - 31 March 2022

KARELIA TOBACCO COMPANY INC.

General Electronic Commercial Registry
(G.E.M.I.) 15082945000

(former Commercial Registry for Societe Anonyme 0174/06/B/86/126)
Athinon Str, 24100 Kalamata



KARELIA
FINE TOBACCOS SINCE 1888

Contents

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Separated and Consolidated) for the 3 month period ended 31 March 2022.....	3
Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 31 March 2022.....	4
Interim Condensed Statement of Changes in Equity (Consolidated) for the period ended 31 March 2022.....	5
Interim Condensed Statement of Changes in Equity (Separate) for the period ended 31 March 2022.....	6
Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the period ended 31 March 2022.....	7
Notes of the Interim Condensed Financial Statements (Separated and Consolidated) for the period ended 31 March 2022.....	8
1. Formation of the Company and Group's activities.....	8
2. Basis of preparation of Financial Statements – Statement of Compliance.....	9
3. Basic Accounting Policies.....	9
4. Changes in Accounting Policies.....	9
5. Other Information.....	9
6. Information on Group Prospects.....	9
7. Turnover.....	10
8. Corporation tax.....	11
9. Earnings after tax, per share.....	12
10. Tangible Assets.....	13
11. Investments at fair value through P&L.....	15
12. Investments measured at amortized cost.....	15
13. Cash and cash equivalents.....	16
14. Contingencies – Commitments.....	16
15. Capital Commitments.....	17
16. Transactions and balances with related parties.....	18
17. Dividends per share.....	19
18. Significant Events Subsequent to Statement of Financial Position.....	19

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Separated and Consolidated) for the 3 month period ended 31 March 2022

<i>(Amounts in thousands of Euro)</i>	Note	Group		Company	
		01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
Turnover	7	280,895	263,462	187,537	178,690
Cost of sales		(249,125)	(235,275)	(157,690)	(151,489)
Gross Profit		31,770	28,187	29,847	27,201
Administrative expenses		(2,076)	(2,206)	(1,910)	(1,898)
Distribution expenses		(4,465)	(3,480)	(4,169)	(3,203)
Other operating income		751	680	751	679
Results from operating activities		25,980	23,181	24,519	22,779
Financial income - net		(1,246)	185	(1,199)	239
Exchange differences		3,458	7,289	3,459	7,289
Net profit before tax		28,192	30,655	26,779	30,307
Corporation tax	8	(6,486)	(6,596)	(6,287)	(6,519)
Net profit for the period		21,706	24,059	20,492	23,788
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		(7)	219	0	0
Total comprehensive income		21,699	24,278	20,492	23,788
Net profit attributable to:					
Shareholders of the Company		21,706	24,059	20,492	23,788
Minority interest		0	0	0	0
Total		21,706	24,059	20,492	23,788
Total Comprehensive income attributed to:					
Shareholders of the Company					
Minority interests		21,699	24,278	20,492	23,788
Total		0	0	0	0
Total Comprehensive income attributed to:		21,699	24,278	20,492	23,788
Basic and diluted earnings, per share, after tax (in absolute figures)	9	7.8645	8.7170	7.4246	8.6188

The accompanying notes on pages 8 to 19 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 31 March 2022

	Note	Group		Company	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
<i>(Amounts in thousands of Euro)</i>					
ASSETS					
Long-term assets					
Intangible assets		412	457	402	447
Tangible assets	10	74,608	76,301	74,498	76,161
Investments at amortized cost	12	88,282	91,008	88,282	91,008
Participations		0	0	1,527	1,527
Other non-current assets		39	39	36	36
Total long-term Assets		163,341	167,805	164,745	169,179
Current assets					
Stocks		66,267	77,979	55,971	53,228
Accounts receivables		20,912	18,662	16,187	16,861
Investments at fair value through P&L	11	61,342	62,615	61,342	62,615
Investments at amortized cost	12	31,116	16,905	31,116	16,905
Cash and cash equivalents and pledged accounts	13	383,623	366,299	372,081	360,023
Total Current Assets		563,260	542,460	536,697	509,632
Total Assets		726,601	710,265	701,442	678,811
EQUITY AND LIABILITIES					
Equity					
Share capital		32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves		116,436	116,436	116,388	116,388
Retained earnings		476,736	455,037	459,911	439,419
Equity attributable to shareholders of the Company		625,857	604,158	608,984	588,492
Minority interests		(14)	(14)	0	0
Total Equity		625,843	604,144	608,984	588,492
Liabilities					
Long-term liabilities					
Deferred taxes		6,850	6,620	6,892	6,746
Long term lease liabilities		85	311	13	215
Staff leaving benefits		2,256	2,230	2,112	2,087
Total long-term liabilities		9,191	9,161	9,017	9,048
Current liabilities					
Suppliers and other payables		76,841	85,643	68,491	70,232
Corporation tax payable		14,407	11,132	14,227	10,904
Short term lease liabilities		319	185	273	135
Total Current Liabilities		91,567	96,960	83,441	81,271
Total Liabilities		100,758	106,121	92,452	90,319
Total Equity and Liabilities		726,601	710,265	701,442	678,811

The accompanying notes on pages 8 to 19 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Consolidated) for the period ended 31 March 2022

Group

(Amounts in thousands of Euro)

	Share Capital	Share Premium	Other Reserves	Retained earnings	Minority Interest	Total Equity
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
Total Comprehensive Income for the period	0	0	0	24,278	0	24,278
Transactions with shareholders with 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
Balance as at 1 January 2022	32,651	34	116,436	455,037	(14)	604,144
Change in P&L and OCI						
Exchange differences	0	0	0	(7)	0	(7)
Net profit for the period	0	0	0	21,706	0	21,706
Total Comprehensive Income for the period	0	0	0	21,699	0	21,699
Balance as at 31 March 2022	32,651	34	116,436	476,736	(14)	625,843

The accompanying notes on pages 8 to 19 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Separate) for the period ended 31 March 2022

Company

(Amounts in thousands of Euro)

	Share Capital	Share Premium	Other Reserves	Retained earnings	Total Equity
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
Total Comprehensive Income for the period	0	0	0	23,788	23,788
Transactions with shareholders with 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
Balance as at 1 January 2022	32,651	34	116,388	439,419	588,492
Change in P&L and OCI					
Net profit for the period	0	0	0	20,492	20,492
Total Comprehensive Income for the period	0	0	0	20,492	20,492
Balance as at 31 March 2022	32,651	34	116,388	459,911	608,984

The accompanying notes on pages 8 to 19 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the period ended 31 March 2022

	Note	Group		Company	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
(Amounts in thousands of Euro)					
Profit for the period		21,706	24,059	20,492	23,788
Adjustments for:					
Corporation tax	8	6,486	6,596	6,287	6,519
Depreciation of tangible assets	10	1,842	1,797	1,810	1,767
Amortization of intangible assets		45	40	45	40
Interest income		(587)	(372)	(587)	(372)
Interest and other financial expenses		343	416	294	363
Losses / (Profits) on valuation of financial assets through P&L		1,273	(463)	1,273	(463)
(Profits) on valuation of financial assets at amortized cost		(717)	(748)	(717)	(748)
Provisions		0	(151)	0	(151)
Movement of staff leaving benefits provision		48	15	48	14
		30,439	31,189	28,945	30,757
Changes in Working Capital					
Decrease / (Increase) in stock		11,713	(4,668)	(2,743)	4,469
(Increase) / Decrease in account receivable		(2,327)	(805)	674	(1,509)
(Decrease) in liabilities		(8,766)	(5,338)	(1,330)	(5,234)
Payments of staff leaving benefits		(22)	0	(22)	0
		598	(10,811)	(3,421)	(2,274)
Interest and other financial expenses paid		(342)	(416)	(294)	(363)
Corporation tax paid		(2,991)	(6,575)	(2,820)	(6,401)
Net cash flows from operating activities		27,704	13,387	22,410	21,719
Cash flows from investment activities					
(Acquisition) of tangible assets		(107)	(697)	(105)	(695)
(Acquisition) of intangible assets		0	(19)	0	(19)
(Acquisition) of financial assets at amortized cost		(15,569)	(17,626)	(15,569)	(17,626)
Expiration of financial assets at amortized cost		4,800	7,447	4,800	7,447
(Acquisition) of financial assets through P&L		0	(28,932)	0	(28,932)
Interest received		586	372	586	372
Net cash flows from investment activities		(10,290)	(39,455)	(10,288)	(39,453)
Cash flows from financing activities					
Lease payments		(90)	(91)	(64)	(62)
Dividends paid to shareholders of the Company		0	(11)	0	(11)
Net cash flows from financing activities		(90)	(102)	(64)	(73)
Net increase / (decrease) in cash and cash equivalents		17,324	(26,170)	12,058	(17,807)
Cash and cash equivalents at the beginning of the period		320,799	343,383	314,523	325,280
Cash and cash equivalents at the end of the period		338,123	317,213	326,581	307,473
Pledged accounts		45,500	45,500	45,500	45,500
Cash and cash equivalents (including Pledged accounts) at the end of the period		383,623	362,713	372,081	352,973

The accompanying notes on pages 8 to 19 are an integral part of the Interim Condensed Financial Statements.

Notes of the Interim Condensed Financial Statements (Separated and Consolidated) for the period ended 31 March 2022

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 17th 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 - Chair

Vassilios G. Antonopoulos – Member

Robin Derlwyn Joy – Member

The General Assembly of Shareholders which was held on 18th July 2018 selected, the Tax Consultant - Economist, Mr. Dimitrios Leventakis, Mr. Robin Derlwyn Joy, Non-Executive Member of the Board of Directors and the Dr. Mr. 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:

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	90%	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 TÛTÛN 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 31 March 2022, was 520 employees and of the Group 551 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 31 March 2022 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 2021, which have been published on the Company's website. The Financial Statements have been approved by the Board of Directors on 6 June 2022.

3. Basic Accounting Policies

For the preparation of these Financial Statements, the same accounting policies and calculation methods applied as for the year ended 31 December 2021. Analysis of the accounting policies is provided in the Notes of the Annual Financial Statements for the year ended 31 December 2021, which have been published on the Company's website.

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 2021.

5. Other Information

No major extraordinary events have occurred during the period 1 January - 31 March 2022 which have impacted the Financial Statements.

We note that there is no seasonality in the production and in the operations of the Company.

6. Information on Group Prospects

During the first semester of 2022 we are experiencing sales volume increases which are slightly higher than the initial estimates in our 2021 Annual Financial Statements. Furthermore, we are expecting a very busy tourist season, both in Greece and Turkey, which makes us highly optimistic for our sales in the Duty-Free outlets of both countries during the summer months.

On the other hand, our predictions for dramatic increases in energy costs and procurement prices of tobacco and other secondary materials have been confirmed and these are expected to influence our gross profitability as per our estimates. So far we have managed to pass on a significant portion of these cost increases, to our factory prices, but any further upward adjustments of our selling prices must be done with extreme caution and in a way which will not jeopardize the market share of our brands in both the Greek and international markets.

It must be noted that so far, we have managed to address the cost increases satisfactorily; we are therefore conservatively optimistic that unless there is a further severe deterioration in macroeconomic conditions and consumer demand, we will be in a position to meet our targets for the remaining part of the year. The current ever-changing, highly inflationary, environment and with the war in Ukraine in full swing, do not allow for reliable medium and long - term forecasts.

7. Turnover

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

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
International sales	46,556	40,643	43,356	40,040
Domestic sales	13,047	11,723	12,968	11,580
Excise tax and VAT	221,292	211,096	131,213	127,070
Total	280,895	263,462	187,537	178,690

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

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
Geographical area				
European Union countries	18,085	15,399	15,383	14,796
Other European countries	9,459	8,185	8,963	8,185
Africa	16,186	15,034	16,186	15,034
Asia	2,826	2,025	2,824	2,025
Total	46,556	40,643	43,356	40,040

(*) 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 fees, along with the promotional incentives paid to customers, amount to EUR 342 thousand for the Group and EUR 171 thousand for the Company for the three-month period ended on 31 March 2022.

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

8. Corporation tax

According to current Greek tax regulations, (Law 4172/2013, Article 58) Societes Anonymes are taxed for their total Profits at a 22% Tax Rate – Law 4799/2021 Article 120 (2021: 22%).

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 2016. The Company has received non-modified tax compliance certificates from its statutory auditor for every year from 2017 through to 2020 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 2017 through to 2020. 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. The Company has not received any notification from the Greek tax authorities for the Financial years 2017 – 2020.

In addition, the tax auditing of Financial Year 2021 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.

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 2020 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 2016 through to 2020, while financial years 2011, 2012, 2013, 2014 and 2015 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 2016 – 2020.

In addition, the tax auditing of Financial Year 2021 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.

KARELIA INVESTMENT INC. has been audited until Financial Year 2010. The Company has received non-modified tax compliance certificates from its statutory auditor for every year from 2011 through to 2020 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 2016 through to 2020, while financial years 2011, 2012, 2013, 2014 and 2015 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 2016 – 2020.

In addition, the tax auditing of Financial Year 2021 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 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 Financial Statements.

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

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
Current income tax	6,271	5,158	6,142	5,094
Deferred taxes	215	1,438	145	1,425
Total	6,486	6,596	6,287	6,519

9. 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:

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
Net profit, after tax	21,706	24,059	20,492	23,788
Attributable to:				
Company's shareholders	21,706	24,059	20,492	23,788
Minority interests	0	0	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)	7.8645	8.7170	7.4246	8.6188
Diluted earnings per share (in absolute figures)	7.8645	8.7170	7.4246	8.6188

10. Tangible Assets

Group

(Amounts in thousands of Euro)

	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2021						
Cost						
Balance as at 1 January 2021	6,130	19,503	152,696	2,965	6,305	187,599
Additions	0	38	111	12	293	454
IFRS 16 Additions	0	0	0	57	0	57
Disposals - Transfers	0	0	(5)	0	0	(5)
Balance as at 31 December 2021	6,130	19,541	152,802	3,034	6,598	188,105
Accumulated depreciation						
Balance as at 1 January 2021	0	12,640	83,824	2,353	5,645	104,462
Depreciation for the year	0	351	6,405	23	197	6,976
Right-of-use assets -IFRS 16	0	88	0	278	0	366
Balance as at 31 December 2021	0	13,079	90,229	2,654	5,842	111,804
Net book value as at 31 December 2021	6,130	6,462	62,573	380	756	76,301

2022						
Cost						
Balance 1 January 2022	6,130	19,541	152,802	3,034	6,598	188,105
Additions	0	79	54	0	16	149
Balance as at 31 March 2022	6,130	19,620	152,856	3,034	6,614	188,254
Accumulated depreciation						
Balance 1 January 2022	0	13,079	90,229	2,654	5,842	111,804
Depreciation for the period	0	88	1,606	6	48	1,748
Right-of-use assets -IFRS 16	0	3	0	91	0	94
Balance 31 March 2022	0	13,170	91,835	2,751	5,890	113,646
Net book value as at 31 March 2022	6,130	6,450	61,021	283	724	74,608

Company

(Amounts in thousands of Euro)

	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2021						
Cost						
Balance as at 1 January 2021	6,130	19,318	152,696	2,674	6,090	186,908
Additions	0	38	111	12	181	342
IFRS 16 Additions	0	0	0	17	0	17
Disposals - Transfers	0	0	(5)	0	0	(5)
Balance as at 31 December 2021	6,130	19,356	152,802	2,703	6,271	187,262
Accumulated depreciation						
Balance as at 1 January 2021	0	12,557	83,824	2,081	5,419	103,881
Depreciation for the year	0	351	6,405	23	194	6,973
Right-of-use assets -IFRS 16	0	11	0	236	0	247
Balance as at 31 December 2021	0	12,919	90,229	2,340	5,613	111,101
Net book value as at 31 December 2021	6,130	6,437	62,573	363	658	76,161

2022

Cost						
Balance 1 January 2022	6,130	19,356	152,802	2,703	6,271	187,262
Additions	0	79	54	0	14	147
Balance as at 31 March 2022	6,130	19,435	152,856	2,703	6,285	187,409
Accumulated depreciation						
Balance 1 January 2022	0	12,919	90,229	2,340	5,613	111,101
Depreciation for the period	0	88	1,606	6	48	1,748
Right-of-use assets -IFRS 16	0	3	0	59	0	62
Balance 31 March 2022	0	13,010	91,835	2,405	5,661	112,911
Net book value as at 31 March 2022	6,130	6,425	61,021	298	624	74,498

Land is not depreciated. Depreciation on the other tangible assets 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 Excise Duty and VAT deferment.

11. Investments at fair value through P&L

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Listed Shares	9	9	9	9
Mutual Funds & Foreign Money Market Funds	61,333	62,606	61,333	62,606
Total	61,342	62,615	61,342	62,615

Listed Shares have been valued at fair value and the revaluation result has been recorded in the results.

Mutual Funds & Foreign Money Market Funds, amounted to EUR 61,333 thousand (Company: EUR 61,333 thousand) are investments in mutual funds and Money Market Certificates issued and/or operated by foreign Financial Institutions. The valuation of these investments reflects their market value, 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.

12. Investments measured at amortized cost

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Corporate Bonds	52,253	56,615	52,253	56,615
Financial Bonds	14,010	49,266	14,010	49,266
Government Bonds	53,135	2,032	53,135	2,032
Total	119,398	107,913	119,398	107,913

From the **Corporate, Financial and Government bonds** which amounted to EUR 119,398 thousand (Company: EUR 119,398 thousand), an amount equal to EUR 110,728 thousand is invested in bonds of investment grade rating issued by governments, financial institutions, and companies, while an amount of EUR 8,670 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.

13. Cash and cash equivalents

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Cash in hand	21	19	19	16
Sight and time deposits	383,602	366,280	372,062	360,007
Cash and cash equivalents per Statement of Financial Position	383,623	366,299	372,081	360,023
Pledged accounts	(45,500)	(45,500)	(45,500)	(45,500)
Cash and cash equivalents per Statement of Cash Flow	338,123	320,799	326,581	314,523

The **Pledged accounts** of EUR 45,500 thousand relates to cash deposits which have been pledged for the provision of bank guarantees (Note 14iii). 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.

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:

- i. 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 31 March 2022, the aggregate value of these Bank Letters of Guarantee was EUR 179,967 thousand, compared to EUR 168,131 on 31 March 2021. 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.
- ii. 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 2022 was EUR 43,204 thousand compared to EUR 43,204 thousand on 31 March 2021.
- iii. 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 31.03.2022 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.
- iv. 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.
- v. 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.

- vi. 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.
- vii. 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.

- viii. On 31 March 2022, there were litigations and claims the outcome of which, according to the Board's view, would not significantly affect the Company's results.
- ix. 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 8 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 31 March 2022 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 any loans.

The following transactions were carried out with related parties:

i) Sales of goods and services

<i>(Amounts in thousands of Euro)</i>	01.01-31.03.2022	01.01-31.03.2021
MERIDIAN A.E.	54	58
KARELIA BULGARIA EOOD	8,265	10,054
KARELIA TOBACCO COMPANY (UK) LTD	684	664
KARELIA TÛTÛN VE TICARET A.Ş.	37	0
Total	9,040	10,776

ii) Other intercompany charges

<i>(Amounts in thousands of Euro)</i>	01.01-31.03.2022	01.01-31.03.2021
KARELIA TÛTÛN VE TICARET A.Ş.	18	0
Total	18	0

iii) Outstanding balances derived from sales of products and services

Receivables from related parties

<i>(Amounts in thousands of Euro)</i>	31.03.2022	31.12.2021
MERIDIAN A.E.	54	28
KARELIA BULGARIA EOOD	2,958	4,478
KARELIA TOBACCO COMPANY (UK) LTD	504	338
Total	3,516	4,844

iv) Remuneration for Board of Directors members and department directors

	Group		Company	
<i>(Amounts in thousands of Euro)</i>	01.01- 31.03.2022	01.01- 31.03.2021	01.01- 31.03.2022	01.01- 31.03.2021
Remuneration of the members of the BOD	128	119	128	119
Salaries and other short-term benefits of department directors	643	648	571	591
Total	771	767	699	710

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

17. 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 2021, will propose to the next Annual General Meeting of Shareholders, which will be held on 8 June 2022, dividend distribution, amounting to EUR 30,360 thousand, equivalent to EUR 11 per share. The proposed gross dividend is higher than the amount of the financial year 2020. Based on the share price of 31st December 2021, the proposed dividend represents a dividend yield of 3.95%.

18. Significant Events Subsequent to Statement of Financial Position

No significant events which might influence the Financial Statements as of 31 March 2022 have occurred following the date of the Statement of Financial Position.

Kalamata, 6 June 2022

Vice Chair	Managing Director	Finance Director	Head of Accounting
Efstathios G. Karelias	Andreas G. Karelias	George D. Alevizopoulos	Vasiliki S. Tsoumelea