KARELIA

FINE TOBACCOS SINCE 1888

Interim Condensed Financial Statements

6 MONTH PERIOD

1 January - 30 June 2022

KARELIA TOBACCO COMPANY INC.

General Electronic Commercial Registry
(G.E.MI.) 15082945000

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

KARELIA
FINE TOBACCOS SINCE 1888

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Statements of Directors of KARELIA TOBACCO COMRANY INC. (According to Article 5 par. 2 of Law 3556/2007)

Τα μέλη του Διοικητικού Συμβουλίου της ΚΑΠΝΟΒΙΟΜΗΧΑΝΙΑ ΚΑΡΕΛΙΑ Α.Ε.:

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

1. Victoria-Margarita G. Karelia, Chair;

2. Efstathios G. Karelias, Vice-Chair;

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 2022, 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 27th, 2022

The Chair	The Vice Chair	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 2022

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 2022, 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 3556/2007 and article 4 of the Decision 8/754/14.04.2016 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 2022.

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

I. PERFORMANCE AND FINANCIAL POSITION

We submit the Consolidated results of the Financial Period ended on 30.06.2022 in comparative form, which confirm the true performance of the Group's activities, as established within the Period ended on 30.06.2022.

Amounts are in thousands of Euros unless otherwise stated.

Information about consolidated results

	30.06.2022	30.06.2021	Variation
Turnover (net of Excise Tax and VAT)	123,311	107,224	15.00%
Results from operating activities	54,270	45,441	19.43%
Depreciation & Amortization	3,761	3,707	1.46%
Profit before interest, FX results, taxes and depreciation (EBITDA)	58,031	49,148	18.07%
Profit before tax	66,065	51,554	28.15%
Profit after tax and minority interests	50,348	41,183	22.25%

Key ratios of the Consolidated Group Results

We present below the key financial ratios related to the financial structure and performance of the Group in accordance with the consolidated figures included in the Interim Condensed Financial Statements of the Group, for the Period ended on 30.06.2022.

Financial Structure Ratios

	30.06.2022	31.12.2021
Current Assets / Total Assets	75.00%	76.37%
Total Liabilities / Total Equity and Liabilities	15.77%	14.94%
Equity after Minority Interests / Total Equity and Liabilities	84.23%	85.06%

Performance and Efficiency Ratios

	30.06.2022	30.06.2021
Results from operating activities / Turnover (net of Excise Tax and VAT)	44.01%	42.38%
Profit before tax / Equity after Minority Interests	10.59%	9.24%

Strong demand for the Group's products together with the appreciation of the exchange rate of the US Dollar versus the Euro, has resulted in the 2022 first 6-month gross turnover increasing by 8.6% compared to that of 2021, while the Group's turnover net of excise taxes increased by 15% compared to the same period last year. Furthermore, the gross profit ratio on net turnover increased by 0.58%.

During the first semester of 2022, cigarette shipment volumes to our international markets showed an increase of 5.28% compared to the same period of 2021, with a very positive performance in our markets of EU (excluding Bulgaria) and Western Europe, Africa and Middle East including Turkey. Aggregate sales volume to our Balkan markets including Bulgaria remained stable, while volumes in Eastern Europe declined following recent events in Ukraine which have been affecting the whole region. Similar decline was experienced in our Far East Duty-Free markets because of spikes in the spread of Covid-19 in China and the draconian measures imposed by national authorities.

In the Greek market, net turnover grew by 13.9%, when compared to that of the first semester of 2021, while volumes of our cigarettes increased by 10.4%.

During the first semester we signed an agreement with Dannemann for the distribution of their very successful cigar products in the Greek market, while our cooperation with Villiger continued to develop at an outstanding pace with a volume increase of 107% compared to the same period of 2021.

Despite the overall positive performance on the sales front, the Group faced significant headwinds. In detail:

- Additional fragmentation in production, as a result of unilateral measures adopted by certain governments, in some cases in excess of EU directives, which affect our packaging and cigarette formats.
- Significant procurement price increases, especially in raw tobacco and materials used in filter production and in packaging. As forecast last year, these are expected to negatively influence our profitability ratios during the second semester of 2022.
- Significantly increased energy costs in production as well as higher transportation costs.

As a result of all the above, pre-tax earnings showed an increase of 28% compared to those of the first 6-months of 2021, helped by strong positive exchange differences which outweigh the temporary lower valuations in the securities held in the Group's portfolio.

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

Regarding the second semester of 2022, we are closely monitoring world developments, which are characterized by strong inflationary pressures. The conflict between Russia and Ukraine continues to negatively influence the global economic environment with unforeseen consequences. Nevertheless, we do not anticipate a recession in the demand for tobacco products, unless significant excise tax increases are adopted. As far as demand for our brands, initial signs from the first months of the second semester show that demand will remain strong.

Concerning procurement costs of raw materials including tobacco and materials used in filter production and packaging of our products, the gloomy forecasts described in last year's financial statements are unfortunately confirmed. Consequently, we anticipate a reduction in our gross profit ratios during the second part of the year, especially since factory price increases for our products have already taken place during the first semester. Whatever limited possibilities exist to proceed with further factory price increases shall depend on the competitive conditions in each separate market.

The global economy is required to overcome the increased geopolitical instability and negative macroeconomic consequences, the magnitude of which cannot be estimated. The Group does not have any exposure in Russia or Ukraine and any adverse effects are indirect, such as energy cost increases and increases in procurement prices of primary and secondary raw materials.

Recent and anticipated interest rate hikes in both the US Dollar and the Euro allow for more rewarding placements of the Group's significant cash reserves and offer multiple investment opportunities with low risk and satisfactory returns.

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 assurance in the form of bank letters of guarantee, 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 most 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. Assets (excluding Cash, cash equivalents and Time deposits with maturity longer than 3 months included in Investments at amortized cost) together with the total Liabilities of the Group, are not subject to returns or extra liabilities related to interest rates and therefore the Group is not exposed to significant risk in case of interest rate volatility.

The Group maintains significant cash reserves and investments in financial assets (EUR 583 mil, on 30.06.2022), the majority of which is deposited with international banks, outside Greece.

III. RELATED PARTY TRANSACTIONS

Trading transactions between the Company and its related parties (persons and entities) during the first semester of fiscal year 2022 were conducted at arm's length and have not been differentiated to the respective transactions conducted during the previous year 2021 and, therefore, they did not materially affect the financial position and performance of the parent Company during the first semester of 2022.

Intercompany sales and other charges during the first six months of 2022, receivables and liabilities between the parent Company and its subsidiaries, on 30.06.2022, are shown in the table below:

(Amounts in thousands of Euro)	Sales of products	Receivables from Sales	Other intercompany charges	Liabilities from intercompany charges
MERIDIAN A.E.	116	19	0	0
KARELIA BULGARIA EOOD	19,368	3,714	0	0
KARELIA TOBACCO COMPANY (UK) LTD	1,987	546	0	0
KARELIA TÜTÜN VE TICARET A.Ş.	37	0	35	0
Total	**21,508**	**4,279**	**35**	**0**

Intercompany sales and other charges during the first six months of 2021, 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 from Sales	Other intercompany charges	Liabilities from intercompany charges
MERIDIAN A.E.	97	64	0	0
KARELIA BULGARIA EOOD	20,068	3,199	0	0
KARELIA TOBACCO COMPANY (UK) LTD	1,665	678	0	0
KARELIA TÜTÜN VE TICARET A.Ş.	0	4	0	0
Total	**21,830**	**3,945**	**0**	**0**

Finally, the remuneration of the Board of Directors and Group Management amounted to EUR 1,648 thousand for the period from 1 January to 30 June 2022 (EUR 1,546 thousand for the period from 1 January to 30 June 2021). Please see the analysis on Note 16 of the Interim Condensed Financial Statements.

Kalamata, September 27th, 2022

The Chair
Victoria-Margarita G. Karelia

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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 Separate and Consolidated Statement of Financial Position of KARELIA TOBACCO COMPANY INC. (the "Company") as at 30 June 2022 and the related condensed Separate and Consolidated Statements of Total 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 Law 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 2022 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 2022

KPMG Certified Auditors S.A.

AM SOEL 114

Philippos Kassos, Certified Auditor Accountant
AM SOEL 26311

Interim Condensed Statement of Comprehensive Income (Separated and Consolidated) for the 6-month period ended 30 June 2022

(Amounts in thousands of Euro)	Note	Group 01.01-30.06.2022	Group 01.01-30.06.2021	Company 01.01-30.06.2022	Company 01.01-30.06.2021
Turnover	6	610,205	561,821	409,887	379,091
Cost of sales		(543,209)	(504,185)	(346,621)	(324,192)
Gross Profit		**66,996**	**57,636**	**63,266**	**54,899**
Administrative expenses		(4,612)	(4,763)	(4,257)	(4,183)
Distribution expenses		(9,657)	(8,761)	(9,011)	(8,129)
Other operating income		1,543	1,329	1,525	1,329
Results from operating activities		**54,270**	**45,441**	**51,523**	**43,916**
Net financial results	7	(3,545)	473	(3,512)	579
Exchange differences		15,340	5,640	15,340	5,639
Net profit before tax		**66,065**	**51,554**	**63,351**	**50,134**
Corporation tax	8	(15,717)	(10,371)	(15,325)	(10,111)
Net profit for the period		**50,348**	**41,183**	**48,026**	**40,023**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		(315)	201	0	0
Total comprehensive income		**50,033**	**41,384**	**48,026**	**40,023**
Net profit attributable to:					
Shareholders of the Company		50,349	41,197	48,026	40,023
Minority interest		(1)	(14)	0	0
Total		**50,348**	**41,183**	**48,026**	**40,023**
Total Comprehensive income attributed to:					
Shareholders of the Company		50,034	41,398	48,026	40,023
Minority interests		(1)	(14)	0	0
Σύνολα		**50,033**	**41,384**	**48,026**	**40,023**
Basic and diluted earnings, per share, after tax (in absolute figures)	9	**18.2420**	**14.9214**	**17.4014**	**14.5011**

The accompanying notes on pages 17 to 33 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Comprehensive Income (Separated and Consolidated) for the 3-month period ended 30 June 2022

(Amounts in thousands of Euro)	Note	Group 01.04-30.06.2022	Group 01.04-30.06.2021	Company 01.04-30.06.2022	Company 01.04-30.06.2021
Turnover		329,310	298,359	222,350	200,401
Cost of sales		(294,084)	(268,910)	(188,931)	(172,703)
Gross Profit		**35,226**	**29,449**	**33,419**	**27,698**
Administrative expenses		(2,536)	(2,557)	(2,347)	(2,285)
Distribution expenses		(5,192)	(5,281)	(4,842)	(4,926)
Other operating income		792	649	774	650
Results from operating activities		**28,290**	**22,260**	**27,004**	**21,137**
Net financial results		(2,299)	288	(2,313)	340
Exchange differences		11,882	(1,649)	11,881	(1,650)
Net profit before tax		**37,873**	**20,899**	**36,572**	**19,827**
Corporation tax		(9,231)	(3,775)	(9,038)	(3,592)
Net profit for the period		**28,642**	**17,124**	**27,534**	**16,235**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		(308)	(18)	0	0
Total comprehensive income		**28,334**	**17,106**	**27,534**	**16,235**
Net profit attributable to:					
Shareholders of the Company		28,643	17,138	27,534	16,235
Minority interest		(1)	(14)	0	0
Total		**28,642**	**17,124**	**27,534**	**16,235**
Total Comprehensive income attributed to:					
Shareholders of the Company		28,335	17,120	27,534	16,235
Minority interests		(1)	(14)	0	0
Σύνολα		**28,334**	**17,106**	**27,534**	**16,235**
Basic and diluted earnings, per share, after tax (in absolute figures)		**10.3775**	**6.2044**	**9.9768**	**5.8823**

The accompanying notes on pages 17 to 33 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 30 June 2022

(Amounts in thousands of Euro)	Note	Group 30.06.2022	Group 31.12.2021	Company 30.06.2022	Company 31.12.2021
ASSETS					
Long-term assets					
Intangible assets		368	457	357	447
Tangible assets	10	72,892	76,301	72,805	76,161
Investments at amortized cost	12	111,850	91,008	111,850	91,008
Participations		0	0	1,465	1,527
Other non-current assets		39	39	36	36
Total long-term Assets		**185,149**	**167,805**	**186,513**	**169,179**
Current assets					
Stocks		63,033	77,979	55,910	53,228
Accounts receivables		21,098	18,662	17,137	16,861
Investments at fair value through P&L	11	59,787	62,615	59,787	62,615
Investments at amortized cost	12	36,842	16,905	36,842	16,905
Cash and cash equivalents and pledged accounts	13	374,731	366,299	357,436	360,023
Total Current Assets		**555,491**	**542,460**	**527,112**	**509,632**
Total Assets		**740,640**	**710,265**	**713,625**	**678,811**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves		120,251	116,436	120,203	116,388
Retained earnings		470,896	455,037	453,270	439,419
Equity attributable to shareholders of the Company		**623,832**	**604,158**	**606,158**	**588,492**
Minority interests		(15)	(14)	0	0
Total Equity		**623,817**	**604,144**	**606,158**	**588,492**
Liabilities					
Long-term liabilities					
Deferred taxes		8,057	6,620	8,088	6,746
Lessee lease liabilities due more than a year		130	311	122	215
Staff leaving benefits		2,280	2,230	2,134	2,087
Provisions		96	0	96	0
Total long-term liabilities		**10,563**	**9,161**	**10,440**	**9,048**
Current liabilities					
Suppliers and other payables		84,365	85,643	75,689	70,232
Corporation taxes payable		21,707	11,132	21,236	10,904
Lessee lease liabilities due less than a year		188	185	102	135
Total Current Liabilities		**106,260**	**96,960**	**97,027**	**81,271**
Total Liabilities		**116,823**	**106,121**	**107,467**	**90,319**
Total Equity and Liabilities		**740,640**	**710,265**	**713,625**	**678,811**

The accompanying notes on pages 17 to 33 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Consolidated) for the 6-month period ended 30 June 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**
Impact of change in accounting policy related to IAS 19	0	0	0	855	0	855
Balance as at 1 January 2021 *	**32,651**	**34**	**111,818**	**397,764**	**0**	**542,267**
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
Total Comprehensive income for the period	**0**	**0**	**201**	**41,197**	**(14)**	**41,384**
Transactions with shareholders with Direct effect to Equity						
Dividends of FY 2020	0	0	0	(25,944)	0	(25,944)
Transfer to Reserves	0	0	4,763	(4,763)	0	0
Balance as at 30 June 2021 *	**32,651**	**34**	**116,782**	**408,254**	**(14)**	**557,707**
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	(315)	0	(315)
Net profit for the period	0	0	0	50,349	(1)	50,348
Total Comprehensive income for the period	**0**	**0**	**0**	**50,034**	**(1)**	**50,033**
Transactions with shareholders with Direct effect to Equity						
Dividends of FY 2021	0	0	0	(30,360)	0	(30,360)
Transfer to Reserves	0	0	3,815	(3,815)	0	0
Balance as at 30 June 2022	**32,651**	**34**	**120,251**	**470,896**	**(15)**	**623,817**

The accompanying notes on pages 17 to 33 are an integral part of the Interim Condensed Financial Statements.

(*) The comparative figures of Statement of Changes in Equity both for the Group and the Company for 2021, are restated due to the impact of the change in accounting policy related to IAS 19. Further analysis is provided in the Note 15 of the Annual Financial Statements for the year ended 31 December 2021 which have been published on the Company's website

Interim Condensed Statement of Changes in Equity (Separated) for the 6-month period ended 30 June 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**
Impact of change in accounting policy related to IAS 19	0	0	0	788	788
Balance as at 1 January 2021 *	**32,651**	**34**	**111,772**	**384,082**	**528,539**
Change in P&L and OCI					
Net profit for the period	0	0	0	40,023	40,023
Total Comprehensive income for the period	**0**	**0**	**0**	**40,023**	**40,023**
Transactions with shareholders with Direct effect to Equity					
Dividends of FY 2020	0	0	0	(25,944)	(25,944)
Transfer to Reserves	0	0	4,763	(4,763)	0
Balance as at 30 June 2021 *	**32,651**	**34**	**116,535**	**393,398**	**542,618**
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	48,026	48,026
Total Comprehensive income for the period	**0**	**0**	**0**	**48,026**	**48,026**
Transactions with shareholders with Direct effect to Equity					
Dividends of FY 2021	0	0	0	(30,360)	(30,360)
Transfer to Reserves	0	0	3,815	(3,815)	0
Balance as at 30 June 2022	**32,651**	**34**	**120,203**	**453,270**	**606,158**

The accompanying notes on pages 17 to 33 are an integral part of the Interim Condensed Financial Statements.

(*) The comparative figures of Statement of Changes in Equity both for the Group and the Company for 2021, are restated due to the impact of the change in accounting policy related to IAS 19. Further analysis is provided in the Note 15 of the Annual Financial Statements for the year ended 31 December 2021 which have been published on the Company's website

Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the 6-month period ended 30 June 2022

		Group		Company	
(Amounts in thousands of Euro)	Note	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit for the period		**50,348**	**41,183**	**48,026**	**40,023**
Adjustments for					
Corporation tax	8	15,717	10,371	15,325	10,111
Depreciation of tangible assets	10	3,672	3,625	3,619	3,567
Amortization of intangible assets		89	82	89	82
(Interest) income		(1,516)	(1,053)	(1,514)	(1,053)
Interest and other financial expenses		847	859	751	754
(Profits) / Losses on valuation of financial assets through P&L		2,828	(826)	2,828	(826)
Losses from sales of financial assets through P&L		0	22	0	22
Financial expenses of financial assets at amortized cost		364	229	364	229
(Profits) from F.X. valuation of financial assets at amortized cost		(5,496)	(641)	(5,496)	(641)
(Profits) on expiration / liquidation of financial assets at amortized cost		(122)	0	(122)	0
Provisions		89	0	96	0
Subsidiaries impairment		0	0	62	90
Inventory impairment		119	134	131	134
Increase in staff leaving benefits		97	47	95	45
		67,036	**54,032**	**64,254**	**52,537**
Changes in Working Capital					
Decrease / (Increase) in stock		14,827	32	(2,813)	6,209
(Increase) in account receivable		(2,508)	(4,169)	(276)	(2,124)
(Decrease) / Increase in liabilities		(3,044)	3,086	3,916	2,157
Payments of staff leaving benefits		(45)	0	(47)	0
		9,230	**(1,051)**	**780**	**6,242**
Interest and other financial expenses paid		(847)	(859)	(751)	(754)
Corporation tax paid		(3,719)	(6,728)	(3,651)	(6,404)
Net cash flows from operating activities		**71,700**	**45,394**	**60,632**	**51,621**
Cash flows from investment activities					
(Acquisition) of tangible assets		(243)	(897)	(241)	(810)
(Acquisition) of intangible assets		0	(25)	0	(25)
(Acquisition) of financial assets at amortized cost		(42,689)	(45,190)	(42,689)	(45,190)
Expiration of financial assets at amortized cost		7,164	8,602	7,164	8,602
(Acquisition) of financial assets through P&L		0	(33,913)	0	(33,913)
Disposal of financial assets through P&L		0	11,626	0	11,626
Interest received		1,516	1,053	1,514	1,053
Net cash flows from investment activities		**(34,252)**	**(58,745)**	**(34,252)**	**(58,657)**
Cash flows from financing activities					
Lease payments		(175)	(143)	(126)	(125)
Dividends paid to shareholders of the Company		(28,841)	(11)	(28,841)	(11)
Net cash flows from financing activities		**(29,016)**	**(154)**	**(28,967)**	**(136)**
Net increase / (decrease) in cash and cash equivalents		**8,432**	**(13,504)**	**(2.587)**	**(7,172)**
Cash and cash equivalents at the beginning of the period		320,799	343,383	314,523	325,279
Cash and cash equivalents at the end of the period		**329,231**	**329,879**	**311,936**	**318,107**
Pledged accounts		45,500	45,500	45,500	45,500
Cash and cash equivalents (including Pledged accounts) at the end of the period		**374,731**	**375,379**	**357,436**	**363,607**

The accompanying notes on pages 17 to 33 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 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 Chair

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 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 2022, was 517 employees and of the Group 548 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 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 27th September 2022.

3. Basic Accounting Policies

3.1. General

For the preparation of these Financial Statements, the same accounting policies and calculation methods applied as for the year ended 31 December 2021, with exception to the following IFRS amendments, presented in paragraph 3.2 below, which have been adopted by the Group as of 1 January 2022. The amendments and interpretations that apply for the first time in 2022 did not have a significant impact on the interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2022. 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.

3.2. 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 2022:

Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018 - 2020" (effective for annual periods beginning on or after 01/01/2022).

In May 2020, the IASB issued a series of amendments, including limited-purpose amendments to three standards, as well as the Board's Annual Improvements. Those amendments clarify the wording of the Standards or correct minor consequences, omissions or conflicts between the requirements of the Standards. More specifically:

- The amendments to IFRS 3 "Business Combinations" update a reference in IFRS 3 to the Conceptual Framework of Financial Reporting without modifying the accounting requirements relating to business combinations.

- The amendments to IAS 16 "Property, Plant and Equipment" prohibit a company from deducting from the cost of fixed assets amounts received from the sale of items produced while the company is preparing the asset for its intended use. Instead, the company recognises these sales proceeds and related costs in the Income Statement.

- The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" specify the costs that an entity should include when assessing whether a contract is loss-making.

- The Annual Improvements to IFRSs - 2018-2020 Cycle make minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the Explanatory Examples accompanying IFRS 16 "Leases".

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

3.3. New Standards and Interpretations effective in subsequent periods

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

IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2023).

In May 2017, the IASB issued a new standard, IFRS 17, which replaces an interim standard, IFRS 4. The purpose of the IASB project was to develop a single principle-based standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts, held by an entity. A single principles-based standard will enhance the comparability of financial reporting between entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply to the financial information related to insurance contracts that it issues and reinsurance contracts that it holds.

In addition, in June 2020, the IASB issued amendments, but these do not affect the fundamental principles introduced when IFRS 17 was originally issued. The amendments are designed to reduce costs by simplifying certain requirements of the Standard, to result in more easily explained financial performance, and to ease the transition, while providing additional assistance to reduce the effort required during the first implementation of the Standard.

These Amendments have not yet been endorsed by the EU.

The adoption of IFRS 17 is not expected to impact the Group's Financial Statements.

Amendments to IAS 1 "Classification of Liabilities as Current or Long-Term" (effective for annual periods beginning on or after 01/01/2023).

In January 2020, the IASB issued amendments to IAS 1 that affect the presentation requirements for liabilities. Specifically, the amendments clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) clarification that an entity's right to defer settlement should exist at the reporting date; (b) clarification that the classification of the liability is not affected by management's intentions or expectations regarding the exercise of the right to defer settlement; (c) explanation on how lending conditions affect classification; and (d) clarification of the requirements regarding the classification of liabilities of

an entity that are to be or may be settled through the issuance of own equity securities. In addition, in July 2020, the IASB issued an amendment to clarify the classification of debt liabilities with financial covenants, which provides for a one-year deferral of the effective date of the originally issued amendment to IAS 1. The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. These have not been adopted by the European Union.

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 to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 (effective for annual periods beginning on or after 01/01/2023).

In February 2021, the IASB issued limited purpose amendments relating to disclosures of accounting policies. The purpose of the amendments is to improve disclosures of accounting policies to provide more useful information to investors and other users of the financial statements. In particular, the amendments require disclosure of significant information about accounting policies, rather than disclosure of significant accounting policies.

The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect.

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.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: "Definition of Accounting Estimates" (effective for annual periods beginning on or after 01/01/2023.

In February 2021, the IASB issued limited purpose amendments that clarify the difference between a change in accounting estimate and a change in accounting policy. This distinction is important because a change in accounting estimate is applied without retrospective effect and only to future transactions and other future events, unlike a change in accounting policy that is retrospective and applies to past transactions and other past events. The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect.

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.

Amendments to IAS 12 "Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction" (effective for annual periods beginning on or after 01/01/2023).

In May 2021, the IASB issued targeted amendments to IAS 12 to specify how entities should treat deferred tax arising from transactions such as leases and decommissioning obligations - transactions for which entities recognize both an asset and a liability. In certain circumstances, entities are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that this exemption does not apply, and entities are required to recognize deferred tax on these transactions. The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. These have not been adopted by the European Union.

The adoption of the above amendments is not expected to have a significant impact on the Financial Statements of the Company and the Group.

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.

4. Basic Accounting Policies and management estimates

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 - 30 June 2022, which have impacted the Financial Statements.

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)	**01.01-30.06.2022**	**01.01-30.06.2021**	**01.01-30.06.2022**	**01.01-30.06.2021**
International sales (*)	94,051	81,449	90,734	78,558
Domestic sales (*)	29,260	25,775	29,170	25,611
Excise tax and VAT	486,894	454,597	289,983	274,922
Total	**610,205**	**561,821**	**409,887**	**379,091**

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

(Amounts in thousands of Euro)	Group		Company	
Geographical area	**01.01-30.06.2022**	**01.01-30.06.2021**	**01.01-30.06.2022**	**01.01-30.06.2021**
European Union countries	38,679	33,210	34,257	31,538
Other European countries	19,136	18,832	20,239	17,649
Africa	29,786	24,943	29,786	24,943
Asia	6,450	4,464	6,452	4,428
Total	**94,051**	**81,449**	**90,734**	**78,558**

(*) 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 - 30/6/2022 fees, together with the promotional incentives paid to customers, amount to EUR 719 thousand for the Group and EUR 376 thousand for the Company.

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

7. Net financial results

The analysis of **Net financial results** is as follows:

	Group		Company	
(Amounts in thousands of Euro))	01.01-30.06.2022	01.01-30.06.2021	01.01-30.06.2022	01.01-30.06.2021
Financial expenses	(847)	(859)	(751)	(754)
Financial asset expenses	(336)	(193)	(336)	(192)
Credit Interest	1,516	1,053	1,514	1,053
Financial Asset Valuation	(3,878)	472	(3,939)	472
Total	**(3,545)**	**473**	**(3,512)**	**579**

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 2021 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 2021. 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 – 2021.

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 2021 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 2021, 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 – 2021.

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 2021 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 2021, 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 – 2021.

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:

	Group		Company	
(Amounts in thousands of Euro)	01.01-30.06.2022	01.01-30.06.2021	01.01-30.06.2022	01.01-30.06.2021
Current income tax	14,294	8,287	13,983	8,013
Deferred taxes	1,423	2,084	1,342	2,098
Total	**15,717**	**10,371**	**15,325**	**10,111**

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, as presented in the following table:

	Group		Company	
(Amounts in thousands of Euro)	01.01-30.06.2022	01.01-30.06.2021	01.01-30.06.2022	01.01-30.06.2021
Net profit, after tax	**50,348**	**41,183**	**48,026**	**40,023**
Attributable to:				
Company's shareholders	50,349	41,197	48,026	40,023
Minority interests	(1)	(14)	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)	**18.2420**	**14.9214**	**17.4014**	**14.5011**
Diluted earnings per share (in absolute figures)	**18.2420**	**14.9214**	**17.4014**	**14.5011**

10. Tangible Assets

Group

(Amounts in thousands of Euro)	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2021						
Cost						
Balance 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 1 January 2021	**0**	**12,640**	**83,824**	**2,353**	**5,645**	**104,462**
Depreciation for the period	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**

(Amounts in thousands of Euro)	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2022						
Cost						
Balance 1 January 2022	**6,130**	**19,541**	**152,802**	**3,034**	**6,598**	**188,105**
Additions	0	111	100	3	49	263
Balance as at 30 June 2022	**6,130**	**19,652**	**152,902**	**3,037**	**6,647**	**188,368**
Accumulated depreciation						
Balance 1 January 2022	**0**	**13,079**	**90,229**	**2,654**	**5,842**	**111,804**
Depreciation for the period	0	175	3,211	12	98	3,496
Right-of-use assets -IFRS 16	0	44	0	130	2	176
Balance as at 30 June 2022	**0**	**13,298**	**93,440**	**2,796**	**5,942**	**115,476**
Net book value as at 30 June 2022	**6,130**	**6,354**	**59,462**	**241**	**705**	**72,892**

Company

(Amounts in thousands of Euro)

	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2021						
Cost						
Balance 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 1 January 2021	**0**	**12,557**	**83,824**	**2,081**	**5,419**	**103,881**
Depreciation for the period	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	111	100	3	49	263
Balance as at 30 June 2022	**6,130**	**19,467**	**152,902**	**2,706**	**6,320**	**187,525**
Accumulated depreciation						
Balance 1 January 2022	**0**	**12,919**	**90,229**	**2,340**	**5,613**	**111,101**
Depreciation for the period	0	175	3,212	12	97	3,496
Right-of-use assets -IFRS 16	0	5	0	118	0	123
Balance as at 30 June 2022	**0**	**13,099**	**93,441**	**2,470**	**5,710**	**114,720**
Net book value as at 30 June 2022	**6,130**	**6,368**	**59,461**	**236**	**610**	**72,805**

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 Excise Duty and VAT deferment.

11. Investments at fair value through P&L

	Group		Company	
(Amounts in thousands of Euro)	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Listed Shares	9	9	9	9
Mutual Funds & Foreign Money Market Funds	59,778	62,606	59,778	62,606
Total	**59,787**	**62,615**	**59,787**	**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 59,778 thousand (Company: EUR 59,778 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 listed securities.

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

	Group		Company	
(Amounts in thousands of Euro)	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Corporate Bonds	59,341	56,615	59,341	56,615
Financial Bonds	65,607	49,266	65,607	49,266
Government Bonds	6,856	2,032	6,856	2,032
Time deposits with maturity longer than 3 months	16,888	0	16,888	0
Total	**148,692**	**107,913**	**148,692**	**107,913**

From the Corporate, Financial and Government bonds which amounted to EUR 131,804 thousand (Company: EUR 131,804 thousand), an amount equal to EUR 123,186 thousand is invested in bonds of investment grade rating issued by governments, financial institutions, and companies, while an amount of EUR 8,618 is invested in two Hellenic Petroleum (HELPE) bonds. The valuation method hierarchy is level 1 because they are traded in financial markets.

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, except for Time deposits with maturity longer than 3 months. Their fair and book values do not significantly differ compared to their value at amortized cost.

(Amounts in thousands of Euro)	Book Value 30.06.2022	Fair Value 30.06.2022
Corporate Bonds	59,341	55,355
Financial Bonds	65,607	62,695
Government Bonds	6,856	6,526
Total	**131,804**	**124,576**

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.

There are no indications of impairment regarding the Book value of the Investments at amortized cost.

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 and pledged accounts

	Group		Company	
(Amounts in thousands of Euro)	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Cash in hand	14	19	12	16
Sight and time deposits	374,717	366,280	357,424	360,007
Cash and cash equivalents per Statement of Financial Position	**374,731**	**366,299**	**357,436**	**360,023**
Pledged accounts	(45,500)	(45,500)	(45,500)	(45,500)
Cash and cash equivalents per Statement of Cash Flow	**329,231**	**320,799**	**311,936**	**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 30 June 2022, the aggregate value of these Bank Letters of Guarantee was EUR 118,428 thousand, compared to EUR 193,706 on 30 June 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 30 June 2022 was EUR 43,204 thousand compared to EUR 43,250 thousand on 30 June 2021.

iii. In order for the Bulgarian bank DSK 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 (ii), they had received on 30.06.2022 collateral bank guarantees of equal amount from CREDIT SUISSE AG, to which the Company has 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 30 June 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 30 June 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, their Management and key Executives, together with close members of their families, 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.

The following transactions were carried out with related parties:

I. Sales of goods and services

(Amounts in thousands of Euro)	01.01-30.06.2022	01.01-30.06.2021
MERIDIAN A.E.	116	97
KARELIA BULGARIA EOOD	19,368	20,068
KARELIA TOBACCO COMPANY (UK) LTD	1,987	1,665
KARELIA TÜTÜN VE TICARET A.Ş.	37	0
Total	**21,508**	**21,830**

II. Other intercompany charges

(Amounts in thousands of Euro)	01.01-30.06.2022	01.01-30.06.2021
KARELIA TÜTÜN VE TICARET A.Ş.	35	0
Total	**35**	**0**

III. Outstanding balances from sales of products and services

Receivables from related parties

(Amounts in thousands of Euro)	30.06.2022	31.12.2021
MERIDIAN A.E.	19	28
KARELIA BULGARIA EOOD	3,714	4,478
KARELIA TOBACCO COMPANY (UK) LTD	546	338
Total	**4,279**	**4,844**

IV. Remuneration for Board of Directors members and department directors

	Group		Company	
(Amounts in thousands of Euro)	01.01-30.06.2022	01.01-30.06.2021	01.01-30.06.2022	01.01-30.06.2021
Remuneration of the members of the BOD	263	255	263	255
Salaries and other short-term benefits of department directors	1,385	1,291	1,241	1,177
Total	**1,648**	**1,546**	**1,504**	**1,432**

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:

	01.01-30.06.2022		01.01-30.06.2021	
(Amounts in thousands of Euro)	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)
Revenue from customers	120,198	28,169	105,021	25,964
Financial income	1,485	0	1,057	0
Financial expenses	804	92	743	104
Total depreciation of fixed assets	2,707	42	2,621	51
Profit before taxes	62,234	1,893	50,727	1,537

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

Revenue from customers

(Amounts in thousands of Euro)	Group	
	30.06.2022	30.06.2021
Revenue from external customers	148,367	130,985
Other operating income	(1,465)	(1,248)
Eliminations of intergroup sales (Note16)	(21,508)	(21,830)
Other revenues	(2,083)	(683)
Excise and VAT (Note 6)	486,894	454,597
Total	**610,205**	**561,821**

Profit/ Loss before taxes

(Amounts in thousands of Euro)	Group	
	30.06.2022	**30.06.2021**
Profit before taxes	64,127	52,265
Adoption from C.L.2190/1920 to IFRS	882	(747)
Eliminations of intergroup profits	1,056	36
Profit before taxes in accordance with Profit or Loss and Other Comprehensive Income	**66,065**	**51,554**

18. Dividends per share

The General Assembly of Shareholders which was held on 8th June 2022. The General Assembly of Shareholders decided to distribute as dividends for the financial year 2021 an amount equal to EUR 30,360 thousand, which is equivalent to EUR 11 per share. The proposed gross dividend is higher than that of the financial year 2020. Based on the share price of December 31st 2021, the proposed dividend represents a dividend yield of 3.95%

19. Subsequent Events to the Statement of Financial Position

No significant events which might influence the Financial Statements for the first semester of FY 2022 have occurred following the date of the Statement of Financial Position. The Group's activities have not been directly and significantly impacted, either by the pandemic, or by the Russia-Ukraine conflict. The Group does not perform any transactions, or holds any investments, directly related to these countries.

Kalamata, September 27th, 2022

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