



KARELIA
FINE TOBACCO SINCE 1888

Interim Condensed Financial Statements

3 MONTH PERIOD

1 January - 31 March 2023

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



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Interim Condensed Statement of Comprehensive Income (Separated and Consolidated) for the 3-month period ended 31 March 2023

<i>(Amounts in thousands of Euro)</i>	Note	Group		Company	
		01.01- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Turnover	6	292,965	280,895	201,304	187,537
Cost of sales		(260,970)	(249,125)	(171,107)	(157,690)
Gross Profit		31,995	31,770	30,197	29,847
Administrative expenses		(2,186)	(2,076)	(2,027)	(1,910)
Distribution expenses		(4,668)	(4,465)	(4,378)	(4,169)
Other operating income		1,117	751	1,116	751
Results from operating activities		26,258	25,980	24,908	24,519
Net financial results	7	2,971	(1,246)	2,977	(1,199)
Exchange differences		(3,213)	3,458	(3,214)	3,459
Net profit before tax		26,016	28,192	24,671	26,779
Corporation tax	8	(5,587)	(6,486)	(5,414)	(6,287)
Net profit for the period		20,429	21,706	19,257	20,492
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		(34)	(7)	0	0
Total comprehensive income		20,395	21,699	19,257	20,492
Net profit attributable to:					
Shareholders of the Company		20,429	21,706	19,257	20,492
Minority interest		0	0	0	0
Total		20,429	21,706	19,257	20,492
Total Comprehensive income attributed to:					
Shareholders of the Company		20,395	21,699	19,257	20,492
Minority interests		0	0	0	0
Σύνολα		20,395	21,699	19,257	20,492
Basic and diluted earnings, per share, after tax (in absolute figures)	9	7.4018	7.8645	6.9772	7.4246

The accompanying notes on pages 8 to 23 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 31 March 2023

(Amounts in thousands of Euro)	Note	Group		Company	
		31.03.2023	31.12.2022	31.03.2023	31.12.2022
ASSETS					
Long-term assets					
Intangible assets		243	288	233	278
Tangible assets	10	69,318	69,882	69,171	69,721
Investments at amortized cost	12	135,660	129,789	135,660	129,789
Participations		0	0	1,293	1,331
Other non-current assets		74	74	71	71
Total long-term Assets		205,295	200,033	206,428	201,190
Current assets					
Stocks		63,973	63,566	56,388	58,042
Accounts receivables		24,647	21,723	20,170	16,269
Investments at fair value through P&L	11	76,876	68,590	76,876	68,590
Investments at amortized cost	12	92,711	122,438	92,711	122,438
Cash and cash equivalents and pledged accounts	13	347,243	321,856	299,760	274,983
Total Current Assets		605,450	598,173	545,905	540,322
Total Assets		810,745	798,206	752,333	741,512
EQUITY AND LIABILITIES					
Equity					
Share capital		32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves		120,502	120,502	120,448	120,448
Retained earnings		526,341	505,946	506,899	487,642
Equity attributable to shareholders of the Company		679,528	659,133	660,032	640,775
Minority interests		(16)	(16)	0	0
Total Equity		679,512	659,117	660,032	640,775
Liabilities					
Long-term liabilities					
Deferred taxes		4,844	5,456	4,885	5,542
Lessee lease liabilities due more than a year		902	261	798	184
Staff leaving benefits		2,094	2,089	1,931	1,927
Provisions		96	96	96	96
Total long-term liabilities		7,936	7,902	7,710	7,749
Current liabilities					
Suppliers and other payables		107,140	115,274	68,747	77,322
Corporation taxes payable		15,795	15,722	15,522	15,556
Lessee lease liabilities due less than a year		362	191	322	110
Total Current Liabilities		123,297	131,187	84,591	92,988
Total Liabilities		131,233	139,089	92,301	100,737
Total Equity and Liabilities		810,745	798,206	752,333	741,512

The accompanying notes on pages 8 to 23 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Consolidated) for the 3-month period ended 31 March 2023

Group

(Amounts in thousands of Euro)

	Share Capital	Share Premium	Other Reserves	Retained earnings	Minority Interest	Total Equity
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
Balance as at 1 January 2023	32,651	34	120,502	505,946	(16)	659,117
Change in P&L and OCI						
Exchange differences	0	0	0	(34)	0	(34)
Net profit for the period	0	0	0	20,429	0	20,429
Total Comprehensive income for the period	0	0	0	20,395	0	20,395
Balance as at 31 March 2023	32,651	34	120,502	526,341	(16)	679,512

The accompanying notes on pages 8 to 23 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Separated) for the 3-month period ended 31 March 2023

Company

(Amounts in thousands of Euro)

	Share Capital	Share Premium	Other Reserves	Retained earnings	Total Equity
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
Balance as at 1 January 2023	32,651	34	120,448	487,642	640,775
Change in P&L and OCI					
Net profit for the period	0	0	0	19,257	19,257
Total Comprehensive income for the period	0	0	0	19,257	19,257
Balance as at 31 March 2023	32,651	34	120,448	506,899	660,032

The accompanying notes on pages 8 to 23 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the 3-month period ended 31 March 2023

(Amounts in thousands of Euro)	Note	Group		Company	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit for the period		20,429	21,706	19,257	20,492
Adjustments for					
Corporation tax	8	5,587	6,486	5,414	6,287
Depreciation of tangible assets	10	1,795	1,842	1,767	1,810
Amortization of intangible assets		45	45	45	45
Interest (income)		(3,104)	(776)	(3,082)	(776)
Interest and other financial expenses		312	347	246	298
Losses on valuation of financial assets through P&L		261	1,273	261	1,273
Losses from expiration of financial assets through P&L		127	0	127	0
Financial expenses of financial assets at amortized cost		92	154	92	154
Losses / (Profits) from F.X. valuation of financial assets at amortized cost		1,116	(810)	1,116	(810)
(Profits) on expiration of financial assets at amortized cost		236	0	236	0
Subsidiaries impairment		0	0	38	0
Increase in staff leaving benefits		56	48	55	48
		26,952	30,439	25,572	28,821
Changes in Working Capital					
(Increase) / Decrease in stock		(407)	11,713	1,655	(2,743)
(Increase) / Decrease in account receivable		(2,806)	(2,327)	(3,782)	674
(Decrease) in liabilities		(8,273)	(8,766)	(8,684)	(1,330)
Payments of staff leaving benefits		(51)	(22)	(51)	(22)
		(11,537)	598	(10,862)	(3,421)
Interest and other financial expenses paid		(312)	(342)	(246)	(297)
Corporation tax paid		(6,127)	(2,991)	(6,105)	(2,820)
Net cash flows from operating activities		8,976	27,580	8,359	22,283
Cash flows from investment activities					
(Acquisition) of tangible assets		(128)	(107)	(112)	(105)
(Acquisition) of financial assets at amortized cost		(84,227)	(15,569)	(84,227)	(15,569)
Expiration of financial assets at amortized cost		106,812	4,800	106,812	4,800
(Acquisition) of financial assets through P&L		(17,892)	0	(17,892)	0
Expiration of financial assets through P&L		9,249	0	9,249	0
Interest received		2,781	713	2,759	713
Net cash flows from investment activities		16,595	(10,163)	16,589	(10,161)
Cash flows from financing activities					
Lease payments		(182)	(90)	(169)	(64)
Dividends paid to shareholders of the Company		(2)	0	(2)	0
Net cash flows from financing activities		(184)	(90)	(171)	(64)
Net increase in cash and cash equivalents		25,387	17,324	24,777	12,058
Cash and cash equivalents at the beginning of the period		276,356	320,799	229,483	314,523
Cash and cash equivalents at the end of the period		301,743	338,123	254,260	326,581
Pledged accounts		45,500	45,500	45,500	45,500
Cash and cash equivalents (including Pledged accounts) at the end of the period		347,243	383,623	299,760	372,081

The accompanying notes on pages 8 to 23 are an integral part of the Interim Condensed Financial Statements.

Notes of the Interim Condensed Financial Statements (Separated and Consolidated) for the period ended 31st March 2023

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 on the Athens Stock Exchange.

The Company is managed by its Board of Directors (BoD) composed of five members, elected by the Annual Shareholders General Assembly on 18th July 2018. The Board of Directors tenure expires on 17th July 2023. As per the BoD meeting on May 17th, 2023, the deceased independent non-executive member, Dr. Vasilios G. Antonopoulos, was replaced by Mr. Ioannis P. Tsoukaridis until the next General Assembly of the Company on June 9th, 2023, after examining and asserting that Mr. Ioannis P. Tsoukaridis meets the criteria of suitability and independence as set of by the law, the Corporate Governance Code as implemented by the Company, and its Operating Regulation, and more specifically that there are no dependent relationship that could influence his decisions and judgements. Following the above-mentioned replacement, the BoD composition is as follows:

Executive Members

Efstathios G. Karelias – Vice Chair

Andreas G. Karelias – Managing Director

Non-Executive Members

Victoria - Margarita G. Karelia - Chair

Robin Derlwyn Joy – Member

Ioannis P. Tsoukaridis

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. The Company's BoD, as per the afore mentioned meeting on May 17th, 2023, replaced the late Dr. Vasilios G. Antonopoulos, and appointed as a new member of the Company's Audit Committee until the next General Assembly on June 9th, 2023, Mr. Ioannis P. Tsoukaridis.

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 31st March 2023, was 518 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 2023 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 2022, which have been published on the Company's website. The Financial Statements have been approved by the Board of Directors on 2nd June 2023.

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 2022. Analysis of the accounting policies is provided in the Notes of the Annual Financial Statements for the year ended 31 December 2022, which have been published on the Company's website.

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 2022.

5. Other Information

No major extraordinary events have occurred during the period 1 January - 31 March 2023, which have impacted the Financial Statements.

PERFORMANCE AND PERSPECTIVES OF THE GROUP

We submit the Consolidated results of the Financial Period ended on 31.03.2023 in comparative form, which confirm the true performance of the Group's activities, as established within the Period ended on 31.03.2023.

The amounts are in thousands of Euros unless otherwise stated.

Information about consolidated results

	01.01-31.03.2023	01.01-31.03.2022	Variation
Turnover (net of Excise Tax and VAT)	66,429	59,603	11.45%
Results from operating activities (EBIT)	26,258	25,980	1.07%
Depreciation & Amortization	1,840	1,887	(2.49%)
Profit before interest, FX results, taxes and depreciation (EBITDA)	28,098	27,867	0.83%
Profit before tax	26,016	28,192	(7.72%)
Profit after tax and minority interests	20,429	21,706	(5.88%)

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 31.03.2023.

Financial Structure Ratios

	31.03.2023	31.12.2022
Current Assets	74.68%	74.94%
Total Assets		
Total Liabilities	16.19%	17.43%
Total Equity and Liabilities		
Equity after Minority Interests	83.81%	82.57%
Total Equity and Liabilities		

Performance and Efficiency Ratios

	01.01-31.03.2023	01.01-31.03.2022
Results from operating activities (EBIT)	39.53%	43.59%
Turnover (net of Excise Tax and VAT)		
Profit before tax	3.83%	4.14%
Equity after Minority Interests		

Sales performance during the first months of the second quarter is considered satisfactory. Our premium brands, both in the Greek market and in the majority of our EU markets are showing a solid upward trend. On the other hand, we are observing flat sales volume in North African markets, with the exception of Egyptian travel retail, caused, by the significant recession affecting the area and the lack of strong currency reserves. Consequently, we anticipate that any decline in our total sales volume of the first semester of 2023 will be limited to a single-digit percentage.

During the second quarter of the year, we are proceeding with a series of launches in the fine cut tobacco category (Roll Your Own) in the Spanish market and certain Balkan countries and are in the process of doing the same in the UK. The anticipated higher levels of tourist traffic will play a pivotal role in enhancing our sales growth in Duty Free shops.

Regarding the procurement prices of raw materials, further increases will likely be small and sporadic. Already, a slight decrease in the price of some auxiliary materials has been observed, although the rate of decrease is still way below the extraordinary increases, we experienced last year. As we have already mentioned in previous reports, several of these significant price increases of last year will be felt in this year's results. This is because of the timely depletion of significant stocks procured at lower prices.

For the remainder of the year, we are anticipating a peak in interest rate increases during the summer months, to be followed by a long period of stable interest rates and a gradual de-escalation of inflationary pressures. Such an environment favors our Company due to its significant cash reserves.

6. Turnover

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

(Amounts in thousands of Euro)	Group		Company	
	01.01-31.03.2023	01.01-31.03.2022	01.01-31.03.2023	01.01-31.03.2022
International sales (*)	51,536	46,556	49,941	43,356
Domestic sales (*)	14,893	13,047	14,847	12,968
Excise tax and VAT	226,536	221,292	136,516	131,213
Total	292,965	280,895	201,304	187,537

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

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	01.01- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Geographical area				
European Union countries	18,692	18,085	17,589	15,383
Other European countries	11,842	9,459	11,352	8,963
Africa	16,012	16,186	16,012	16,186
Asia	4,990	2,826	4,988	2,824
Total	51,536	46,556	49,941	43,356

(*) The Group pays listing and merchandising fees to customers. Under IFRS 15, these listing/merchandising fees, which derive from contractual obligations, are not treated as an expense for a separate service but are deducted directly from net sales revenue. These 1/1 - 31/3/2023 fees, together with the promotional incentives paid to customers, amount to EUR 341 thousand for the Group and EUR 180 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:

<i>(Amounts in thousands of Euros)</i>	Group		Company	
	01.01- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Other financial expenses	(312)	(347)	(246)	(298)
Subsidiaries impairment provision	0	0	(38)	0
Interest income	3,104	776	3,082	776
Amortization and expected credit losses of financial asset at amortized cost	(92)	(154)	(92)	(154)
(Loss) / Profit on valuation of financial assets through P&L	272	(1,522)	272	(1,522)
Other	(1)	1	(1)	(1)
Total	2,971	(1,246)	2,977	(1,199)

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 (2022: 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.

In addition, the tax auditing of Financial Year 2022 by the statutory auditors, in accordance with 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 Subsidiary 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 Subsidiary does not expect any additional corporation tax obligations or penalties to arise as a result of a tax audit by the Greek tax authorities for the years from 2016 through to 2021, while FY 2011, 2012, 2013, 2014, 2015 and 2016 have been time-barred. However, based on certain risk-based criteria, the Greek tax authorities may select the Subsidiary as part of their review of entities that have received non-modified tax compliance certificates. In such cases, the Greek tax authorities have the right to perform their own tax audit for the selected financial year, taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. The Subsidiary has not received any notification from the Greek tax authorities for the tax years 2017 – 2021.

In addition, the tax auditing of Financial Year 2022 by the statutory auditors, in accordance with article 65A of Law 4174/2013, is at its final stages of completion and no material findings are expected to arise.

The subsidiary KARELIA INVESTMENT INC. has been audited since its establishment (1997) until Financial Year 2010. The Subsidiary 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 Subsidiary does not expect any additional corporation taxes or penalties to arise because of a tax examination by the Greek tax authorities for the years from 2017 through to 2021, while FY 2011, 2012, 2013, 2014, 2015 and 2016 have been time-barred. However, based on certain risk-based criteria, the Greek tax authorities may select the Subsidiary as part of their review of entities that have received non-modified tax compliance certificates. In such cases, the Greek tax authorities have the right to perform a tax examination for the selected tax year, taking into consideration the work already performed that supported the issuance of the non-modified tax compliance certificate. The Subsidiary has not received any notification from the Greek tax authorities for the tax years 2017 – 2021.

In addition, the tax auditing of FY 2022 by the statutory auditors, in accordance with article 65A of the 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- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Current income tax	6,199	6,271	6,071	6,142
Deferred taxes	(612)	215	(657)	145
Total	5,587	6,486	5,414	6,287

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	
<i>(Amounts in thousands of Euro)</i>	01.01- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Net profit, after tax	20,429	21,706	19,257	20,492
Attributable to:				
Company's shareholders	20,429	21,706	19,257	20,492
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)	7.4018	7.8645	6.9772	7.4246
Diluted earnings per share (in absolute figures)	7.4018	7.8645	6.9772	7.4246

10. Tangible Assets

Group

(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	152	263	5	114	534
IFRS 16 Additions	0	0	0	194	0	194
Disposals - Transfers	0	0	(1)	0	(1)	(2)
Balance as at 31 December 2022	6,130	19,693	153,064	3,233	6,711	188,831
Accumulated depreciation						
Balance 1 January 2022	0	13,079	90,229	2,654	5,842	111,804
Depreciation for the period	0	348	6,291	22	198	6,859
Right-of-use assets -IFRS 16	0	76	0	210	0	286
Balance as at 31 December 2022	0	13,503	96,520	2,886	6,040	118,949
Net book value as at 31 December 2022	6,130	6,190	56,544	347	671	69,882

2023						
Cost						
Balance 1 January 2023	6,130	19,693	153,064	3,233	6,711	188,831
Additions	0	2	188	0	45	235
IFRS 16 Additions	0	0	0	995	0	995
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 31 March 2023	6,130	19,679	153,252	3,572	6,756	189,389
Accumulated depreciation						
Balance 1 January 2023	0	13,503	96,520	2,886	6,040	118,948
Depreciation for the period	0	87	1,549	4	62	1,702
Right-of-use assets -IFRS 16	0	3	0	90	0	93
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 31 March 2023	0	13,577	98,069	2,324	6,101	120,071
Net book value as at 31 March 2023	6,130	6,102	55,183	1,248	655	69,318

Company

(Amounts in thousands of Euro)

	Land	Buildings & Installations	Plant & equipment	Motor vehicles	Fixture & fittings	Total
2022						
Cost						
Balance 1 January 2022	6,130	19,356	152,802	2,703	6,271	187,262
Additions	0	152	263	5	111	531
IFRS 16 Additions	0	0	0	71	0	71
Disposals - Transfers	0	0	(1)	0	(1)	(2)
Balance as at 31 December 2022	6,130	19,508	153,064	2,779	6,381	187,862
Accumulated depreciation						
Balance 1 January 2022	0	12,919	90,229	2,340	5,613	111,101
Depreciation for the period	0	348	6,291	22	195	6,856
Right-of-use assets -IFRS 16	0	11	0	173	0	184
Balance as at 31 December 2022	0	13,278	96,520	2,535	5,808	118,141
Net book value as at 31 December 2022	6,130	6,230	56,544	244	573	69,721

2023

Cost

Balance 1 January 2023	6,130	19,508	153,064	2,779	6,381	187,862
Additions	0	2	188	0	32	222
IFRS 16 Additions	0	0	0	995	0	995
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 31 March 2023	6,130	19,494	153,252	3,118	6,413	188,407

Accumulated depreciation

Balance 1 January 2023	0	13,278	96,520	2,535	5,808	118,141
Depreciation for the period	0	87	1,549	4	47	1,687
Right-of-use assets -IFRS 16	0	3	0	77	0	80
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 31 March 2023	0	13,352	98,069	1,960	5,855	119,236

Net book value as at 31 March 2023	6,130	6,142	55,183	1,158	558	69,171
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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:

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

Years

It must be noted that the majority of the machinery is fully depreciated over 25 years.

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	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Listed Shares	9	8	9	8
Mutual Funds	59,166	59,144	59,166	59,144
Dual Currency Investments	17,701	9,438	17,701	9,438
Total	76,876	68,590	76,876	68,590

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

Mutual Funds and Dual Currency Investments amounted to EUR 76,867 thousand (Company: EUR 76,867 thousand) are investments issued and/or operated by foreign Financial Institutions. The valuation of these investments reflects their market value.

The hierarchy of fair value valuation method is analyzed as follows:

- Level 1, quoted values of identical tradable items from financial markets: EUR 1,697 thousand
- Level 2, values that are not Level 1 but may be located or identified, directly or indirectly through quotations from active financial markets: EUR 75,170 thousand

It is noted that the results (gain or loss) from the valuation of the market value of the above investments are unrealized. The realized result (gain or loss) will occur at liquidation of the above investments.

12. Investments measured at amortized cost

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Corporate Bonds	48,264	56,490	48,264	56,490
Financial Bonds	97,197	72,659	97,197	72,659
Government Bonds	32,016	17,560	32,016	17,560
Time deposits with duration longer than 3 months	50,894	105,518	50,894	105,518
Total	228,371	252,227	228,371	252,227

From the **Corporate**, **Financial** and **Government** bonds which amounted to EUR 177,477 thousand (Company: EUR 177,477 thousand), an amount of EUR 156,016 thousand is invested in bonds of investment grade rating, an amount of EUR 12,828 thousand is invested in bonds of credit rating, while an amount of EUR 8,633 is invested in one Hellenic Petroleum (HELPE) bond.

The hierarchy of fair value valuation method is analyzed as follows:

- Level 1, quoted values of identical tradable items from financial markets: EUR 168,237 thousand (Company: EUR 168,237 thousand)
- Level 2, values that are not Level 1 but may be located or identified, directly or indirectly through quotations from active financial markets: EUR 9,240 thousand (Company: EUR 9,240 thousand). Time deposits with duration longer than 3 months are included in this fair value hierarchy level.

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.

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 duration longer than 3 months, as their fair and book values do not significantly differ compared to their value at amortized cost.

<i>(Amounts in thousands of Euros)</i>	Book Value		Fair Value	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Corporate Bonds	48,264	56,490	44,963	52,207
Financial Bonds	97,197	72,659	92,911	68,715
Government Bonds	32,016	17,560	31,378	17,049
Total	177,477	146,709	169,252	137,971

Considering the business model of the Group and the Company for this investment category, earning of interest and other gains associated with the retention of bonds until maturity, along with the nonexistence of significant negative evolvement relating to the credit ability of the issuers, there are no indications of impairment regarding the Book value of the Investments at amortized cost. The decrease in the fair value of the financial assets classified as Investments at amortized cost is mainly due to interest rates increase.

13. Cash and cash equivalents and pledged accounts

<i>(Amounts in thousands of Euro)</i>	Group		Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Cash in hand	21	16	17	14
Sight deposits	186,883	199,272	139,404	157,075
Time deposits	160,339	122,568	160,339	117,894
Cash and cash equivalents per Statement of Financial Position	347,243	321,856	299,760	274,983
Pledged accounts	(45,500)	(45,500)	(45,500)	(45,500)
Cash and cash equivalents per Statement of Cash Flow	301,743	276,356	254,260	229,483

The **Pledged accounts** of EUR 45,500 thousand relate 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 2023, the aggregate value of these Bank Letters of Guarantee was EUR 123,178 thousand, compared to EUR 179,967 on 31 March 2022. 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 2023 was EUR 43,204 thousand compared to EUR 43,204 thousand on 31 March 2022.
- 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 30.09.2022 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.4093/2012. 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 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 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 2023, 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 2023 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

<i>(Amounts in thousands of Euro)</i>	01.01-31.03.2023	01.01-31.03.2022
MERIDIAN A.E.	82	54
KARELIA BULGARIA EOOD	10,137	8,265
KARELIA TOBACCO COMPANY (UK) LTD	906	684
KARELIA TÛTÛN VE TICARET A.Ş.	30	37
Total	11,155	9,040

II. Other intercompany charges

<i>(Amounts in thousands of Euro)</i>	01.01-31.03.2023	01.01-31.03.2022
KARELIA TÛTÛN VE TICARET A.Ş.	22	18
Total	22	18

III. Outstanding balances from sales of products and services

Receivables from related parties

<i>(Amounts in thousands of Euro)</i>	31.03.2023	31.12.2022
MERIDIAN A.E.	101	19
KARELIA BULGARIA EOOD	3,566	2,985
KARELIA TOBACCO COMPANY (UK) LTD	180	181
Total	3,847	3,185

IV. Outstanding balances from other intercompany charges

<i>(Amounts in thousands of Euros)</i>	31.03.2023	31.12.2022
KARELIA TÛTÛN VE TICARET A.Ş.	4	3
Total	4	3

V. Remuneration for Board of Directors members and department directors

	Group		Company	
<i>(Amounts in thousands of Euro)</i>	01.01- 31.03.2023	01.01- 31.03.2022	01.01- 31.03.2023	01.01- 31.03.2022
Remuneration of the members of the BOD	130	128	130	128
Salaries and other short-term benefits of department directors	643	643	562	571
Total	773	771	692	699

There are no further transactions or receivable / liability balances with the aforementioned 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, considering the results of FY 2022, will propose to the next Annual General Meeting of Shareholders, which will be held on 9 June 2023, dividend distribution, amounting to EUR 32,568 thousand, equivalent to EUR 11.80 per share. The proposed gross dividend is higher than the amount of the financial year 2021. Based on the share price of 31st December 2022, the proposed dividend represents a dividend yield of 4.07%.

18. Subsequent Events to the Statement of Financial Position

The Company proceeded with the amendment of the existing credit framework agreement with CREDIT SUISSE A.G., with respect to the type of eligible collateral needed for the letter of guarantee issuance (Note 14iii), by adding sovereign bonds issued by European nations. On April 4th, 2023, the Company fully replaced the pledged deposits of EUR 45 500 thousand, with sovereign bonds. The Company is entitled to their yield.

No further significant events which might influence the Financial Statements as of 31 March 2023 have occurred following the date of the Statement of Financial Position.

Kalamata, June 2nd, 2023

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