KARELIA
FINE TOBACCOS SINCE 1888

Interim Condensed Financial Statements

6 MONTH PERIOD

1 January - 30 June 2023

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

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

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

1. Victoria-Margarita G. Karelia, 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 2023, 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 2023 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 presents 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, 2023

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 2023

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 2023, 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 2023.

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 30.06.2023 in comparative form, which confirm the true performance of the Group's activities, as established within the Period ended on 30.06.2023.

The amounts are in thousands of Euros unless otherwise stated.

Information about consolidated results

	30.06.2023	30.06.2022	Variation
Turnover (net of Excise Tax and VAT)	130,430	123,311	5.77%
Results from operating activities	49,414	54,270	-8.95%
Depreciation & Amortization	3,679	3,761	-2.18%
Profit before interest, FX results, taxes and depreciation (EBITDA)	53,093	58,031	-8.51%
Profit before tax	54,250	66,065	-17.88%
Profit after tax and minority interests	42,857	50,348	-14.88%

Profit before interest, FX results, taxes, and depreciation (EBITDA) is an alternative profitability indicator, calculated by subtracting Depreciation & Amortization from Results from operating activities (EBIT).

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 30.06.2023.

Financial Structure Ratios

	30.06.2023	31.12.2022
Current Assets / Total Assets	75.23%	74.94%
Total Liabilities / Total Equity and Liabilities	18.46%	17.43%
Equity after Minority Interests / Total Equity and Liabilities	81.54%	82.57%

Performance and Efficiency Ratios

	30.06.2023	30.06.2022
Results from operating activities (EBIT) / Turnover (net of Excise Tax and VAT)	37.89%	44.01%
Profit before tax / Equity after Minority Interests	8.10%	10.59%

In the first half of 2023, the Group showed an increase in gross turnover of 1.7% compared to the same period of last year, while net turnover increased by 5.8%, despite the reduced exchange rate of the US dollar against the euro. This positive development was primarily due to increases in our ex-factory prices, but also to volume increases from most of our European markets, thus offsetting reduced revenues from the North African markets, which are traditionally priced in dollars.

On the contrary, the net profits of the Group showed a drop of 17.8%. In line with our previous forecasts, we were faced with significant increases in the procurement prices of raw and auxiliary materials which led to a decline in our gross profit margin to 47.5% (H1 2022: 54.3%). Furthermore, the reduction in the exchange rate of the USD dollar was the main reason for the negative exchange differences of EUR 2.4 million compared to exchange gains of EUR 15.3 million in the corresponding period last year. In terms of financial results, the Group showed an increase of EUR 10.7 million, mainly due to the increased interest rates imposed by the most important Central Banks in their global effort to curb inflation.

In the Greek market the Company showed a growth of 3.13%in sales volume, where it managed to maintain its market share at high levels, while the strengthening of sales in Hellenic Duty-Free Shops following the end of the pandemic was also impressive.

Sales volumes showed a very satisfactory increase in most European markets, such as those of the countries of Western Europe and the Balkan Peninsula (aggregate increase of approx. 5% in cigarettes). Aggregate volume increases of 51% in Turkey, the other markets of the Far East and Middle East partly compensated reduced shipments to our North African markets, where severe shortages in hard currency and strong inflationary pressures have been a major drag on economic activity and delays in product imports. As a result, a large proportion of consumers have, inevitably, traded down to very low priced brands as well as illegal counterfeit products.

The course of the Villiger family's cigar brands in the Greek market is also considered particularly positive (+15% in volume), while the end of the first semester of 2023 marked the anniversary of the start of our cooperation with Dannemann whose distribution our company undertook last year with very satisfactory results.

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

We do not expect any extraordinary developments for the second half of the year, beyond what we have already described in our previous reports, apart from perhaps a small and slow de-escalation of inflationary pressures. In the coming months and so long as there are no global events that can overturn the current market conditions, we expect small reductions in the procurement prices of raw and auxiliary material. Furthermore, the reduction in transport costs is expected to continue. These developments will not only lead to a small improvement in our gross profitability but will give additional flexibility in our pricing policy in our continuous efforts to maintain and where possible further grow our market shares.

In terms of sales volumes, the results in the first months of the second semester are encouraging. In the Greek market, the increase in our cigarette sales volume continues, while the volumes of rolling tobacco are expected to move to last year's levels. At the same time, our sales to Hellenic Duty Free Shops, are expected to be at the 2019 levels.

In our international markets we do not expect any major upsets. We estimate that the good course of the first half of the year will continue both in our Western Europe and Middle East markets. Similarly, a recovery of our sales to our North and West African markets is visible following adjustments of the factory prices of our brands that are more price sensitive to the recessionary conditions prevailing there and which we have analysed in other sections.

In several of our international markets, particularly those which are recognized candidates for joining the E.U. we anticipate increases in the excise duty on tobacco products, which could lead to a further reduction in legitimate consumption. However, we believe that, barring unforeseen developments, the group can maintain the competitiveness of its brands and protect its market share.

Most financial analysts believe that central banks, in their efforts to curb inflation, will continue the policy of high interest rates for a longer time. Due to its high cash reserves, the group is benefiting, to a large extent, from tight monetary policies of high interest rates.

Nevertheless, the general environment remains highly volatile, especially in the tobacco industry, where the planned regulatory restrictions are expected in several cases to become draconian, the impact of which is difficult to estimate.

Risk Management

Stocks - Suppliers

The Group takes all necessary measures (insurance, storage) to minimize the risk of stock losses due to natural disasters, theft, etc. Furthermore, since 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 ageing 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 652 mil, on 30.06.2023), 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 2023 were conducted at arm's length and have not been differentiated to the respective transactions conducted during the previous year 2022 and, therefore, they did not materially affect the financial position and performance of the parent Company during the first semester of 2023.

Intercompany sales and other charges during the first six months of 2023, receivables and liabilities between the parent Company and its subsidiaries, on 30.06.2023, 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.	139	158	0	0
KARELIA BULGARIA EOOD	21,907	11,579	0	0
KARELIA TOBACCO COMPANY (UK) LTD	1,625	378	18	0
KARELIA TÜTÜN VE TICARET A.Ş.	42	11	(42)	(3)
Total	**23,713**	**12,126**	**(24)**	**(3)**

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**

Finally, the remuneration of the Board of Directors and Group Management amounted to EUR 1,710 thousand for the period from 1 January to 30 June 2023 (EUR 1,648 thousand for the period from 1 January to 30 June 2022). Please see the analysis on Note 15 of the Interim Condensed Financial Statements.

Kalamata, September 27th, 2023

The Chair
Victoria-Margarita G. Karelia

Independent Auditors' Report (Translated from the original in Greek)

To the Shareholders of

KARELIA TOBACCO COMPANY INC.

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed Standalone and Consolidated Statement of Financial Position of KARELIA TOBACCO COMPANY INC. (the "Company") as at 30 June 2023 and the related condensed Standalone and Consolidated Statements of 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 2023 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 2023

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 2023

(Amounts in thousands of Euro)	Note	Group 01.01-30.06.2023	Group 01.01-30.06.2022	Company 01.01-30.06.2023	Company 01.01-30.06.2022
Turnover	6	620,352	610,205	425.251	409,887
Cost of sales		(558,397)	(543,209)	(366.972)	(346,621)
Gross Profit		**61,955**	**66,996**	**58.279**	**63,266**
Administrative expenses		(4,644)	(4,612)	(4.265)	(4,257)
Distribution expenses		(9,820)	(9,657)	(9.219)	(9,011)
Other operating income		1,923	1,543	1.923	1,525
Results from operating activities		**49,414**	**54,270**	**46.718**	**51,523**
Net financial results	7	7,241	(3,545)	7.247	(3,512)
Exchange differences		(2,405)	15,340	(2.407)	15,340
Net profit before tax		**54,250**	**66,065**	**51.558**	**63,351**
Corporation tax	8	(11,393)	(15,717)	(11.134)	(15,325)
Net profit for the period		**42,857**	**50,348**	**40.424**	**48,026**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		193	(315)	0	0
Total comprehensive income		**43,050**	**50,033**	**40.424**	**48,026**
Net profit attributable to:					
Shareholders of the Company		42,858	50,349	40.424	48,026
Minority interest		(1)	(1)	0	0
Total		**42,857**	**50,348**	**40.424**	**48,026**
Total Comprehensive income attributed to:					
Shareholders of the Company		43,051	50,034	40.424	48,026
Minority interests		(1)	(1)	0	0
Σύνολα		**43,050**	**50,033**	**40.424**	**48,026**
Basic and diluted earnings, per share, after tax (in absolute figures)	9	**15.5283**	**18.2420**	**14.6464**	**17.4014**

The accompanying notes on pages 18 to 35 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 2023

		Group		Company	
(Amounts in thousands of Euro)	Note	01.04-30.06.2023	01.04-30.06.2022	01.04-30.06.2023	01.04-30.06.2022
Turnover		327,387	329,310	223.947	222,350
Cost of sales		(297,427)	(294,084)	(195.865)	(188,931)
Gross Profit		**29,960**	**35,226**	**28.082**	**33,419**
Administrative expenses		(2,459)	(2,536)	(2.237)	(2,347)
Distribution expenses		(5,152)	(5,192)	(4.841)	(4,842)
Other operating income		806	792	807	774
Results from operating activities		**23,155**	**28,290**	**21.811**	**27,004**
Net financial results		4,270	(2,299)	4.270	(2,313)
Exchange differences		808	11,882	807	11,881
Net profit before tax		**28,233**	**37,873**	**26.888**	**36,572**
Corporation tax		(5,806)	(9,231)	(5.720)	(9,038)
Net profit for the period		**22,427**	**28,642**	**21.168**	**27,534**
Other comprehensive income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		227	(308)	0	0
Total comprehensive income		**22,654**	**28,334**	**21.168**	**27,534**
Net profit attributable to:					
Shareholders of the Company		22,428	28,643	21.168	27,534
Minority interest		(1)	(1)	0	0
Total		**22,427**	**28,642**	**21.168**	**27,534**
Total Comprehensive income attributed to:					
Shareholders of the Company		22,655	28,335	21.168	27,534
Minority interests		(1)	(1)	0	0
Σύνολα		**22,654**	**28,334**	**21.168**	**27,534**
Basic and diluted earnings, per share, after tax (in absolute figures)		**8.1264**	**10.3775**	**7.6692**	**9.9768**

The accompanying notes on pages 18 to 35 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Financial Position (Separated and Consolidated) as at 30 June 2023

(Amounts in thousands of Euro)	Note	Group 30.06.2023	Group 31.12.2022	Company 30.06.2023	Company 31.12.2022
ASSETS					
Long-term assets					
Intangible assets		198	288	188	278
Tangible assets	10	68,130	69,882	67,852	69,721
Investments at amortized cost	12	135,027	129,789	135,027	129,789
Participations		0	0	1,272	1,331
Other non-current assets		75	74	72	71
Total long-term Assets		**203,430**	**200,033**	**204,411**	**201,190**
Current assets					
Stocks		74,003	63,566	60,072	58,042
Accounts receivables		26,579	21,723	29,471	16,269
Investments at fair value through P&L	11	67,393	68,590	67,393	68,590
Investments at amortized cost	12	136,799	122,438	132,808	122,438
Cash and cash equivalents and pledged accounts	13	312,937	321,856	258,759	274,983
Total Current Assets		**617,711**	**598,173**	**548,503**	**540,322**
Total Assets		**821,141**	**798,206**	**752,914**	**741,512**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves		124,679	120,502	124,625	120,448
Retained earnings		512,252	505,946	491,321	487,642
Equity attributable to shareholders of the Company		**669,616**	**659,133**	**648,631**	**640,775**
Minority interests		(17)	(16)	0	0
Total Equity		**669,599**	**659,117**	**648,631**	**640,775**
Liabilities					
Long-term liabilities					
Deferred taxes		4,984	5,456	5,042	5,542
Lessee lease liabilities due more than a year		1,086	261	849	184
Staff leaving benefits		2,017	2,089	1,853	1,927
Provisions		96	96	96	96
Total long-term liabilities		**8,183**	**7,902**	**7,840**	**7,749**
Current liabilities					
Suppliers and other payables		121,722	115,274	75,041	77,322
Corporation taxes payable		21,223	15,722	21,027	15,556
Lessee lease liabilities due less than a year		414	191	375	110
Total Current Liabilities		**143,359**	**131,187**	**96,443**	**92,988**
Total Liabilities		**151,542**	**139,089**	**104,283**	**100,737**
Total Equity and Liabilities		**821,141**	**798,206**	**752,914**	**741,512**

The accompanying notes on pages 18 to 35 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 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	(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 - Direct effect to Equity						
Dividends of 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**
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	193	0	193
Net profit for the period	0	0	0	42,858	(1)	42,857
Total Comprehensive income for the period	**0**	**0**	**0**	**43,051**	**(1)**	**43,050**
Transactions with Shareholders - Direct effect to Equity						
Dividends of 2022	0	0	0	(32,568)	0	(32,568)
Transfer to Reserves	0	0	4,177	(4,177)	0	0
Balance as at 30 June 2023	**32,651**	**34**	**124,679**	**512,252**	**(17)**	**669,599**

The accompanying notes on pages 18 to 35 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Changes in Equity (Separated) for the 6-month period ended 30 June 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	48,026	48,026
Total Comprehensive income for the period	**0**	**0**	**0**	**48,026**	**48,026**
Transactions with Shareholders - Direct effect to Equity					
Dividends of 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**
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	40,424	40,424
Total Comprehensive income for the period	**0**	**0**	**0**	**40,424**	**40,424**
Transactions with Shareholders - Direct effect to Equity					
Dividends of 2022	0	0	0	(32,568)	(32,568)
Transfer to Reserves	0	0	4,177	(4,177)	0
Balance as at 30 June 2023	**32,651**	**34**	**124,625**	**491,321**	**648,631**

The accompanying notes on pages 18 to 35 are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Cash Flows (Separated and Consolidated) for the 6-month period ended 30 June 2023

		Group		Company	
(Amounts in thousands of Euro)	**Note**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**
Profit for the period		**42,857**	**50,348**	**40,424**	**48,026**
<u>Adjustments for</u>					
Corporation tax	8	11,393	15,717	11,134	15,325
Depreciation of tangible assets	10	3,589	3,672	3,531	3,619
Amortization of intangible assets		90	89	90	89
Interest (income)		(6,927)	(1,516)	(6,853)	(1,514)
Interest and other financial expenses		620	847	482	751
(Gain) / Loss on valuation of financial assets through P&L		(736)	2,828	(736)	2,828
Loss from expiration of financial assets through P&L		127	0	127	0
Financial expenses of financial assets at amortized cost		149	364	149	364
Loss / (Gain) from F.X. valuation of financial assets at amortized cost		578	(5,496)	578	(5,496)
Loss / (Gain) on expiration of financial assets at amortized cost		27	(122)	27	(122)
Provisions		0	89	0	96
Subsidiaries impairment		0	0	59	62
Doubtful debt provision		1	0	0	0
Inventory impairment		42	119	42	131
Increase in staff leaving benefits		114	97	108	95
		51,924	**67,036**	**49,162**	**64,254**
Changes in Working Capital					
(Increase) / Decrease in stock		(10,479)	14,827	(2,072)	(2,813)
(Increase) / Decrease in account receivable		(4,549)	(2,508)	(12,894)	(276)
Increase / (Decrease) in liabilities		6,433	(3,044)	(2,490)	3,916
Payments of staff leaving benefits		(184)	(45)	(184)	(47)
		(8,779)	**9,230**	**(17,640)**	**780**
Interest and other financial expenses paid		(620)	(847)	(482)	(751)
Corporation tax paid		(6,365)	(3,719)	(6,163)	(3,651)
Net cash flows from operating activities		**36,160**	**71,700**	**24,877**	**60,632**
Cash flows from investment activities					
(Acquisition) of tangible assets		(315)	(243)	(310)	(241)
(Acquisition) of financial assets at amortized cost		(137,705)	(42,689)	(133,744)	(42,689)
Expiration of financial assets at amortized cost		118,232	7,164	118,232	7,164
(Acquisition) of financial assets through P&L		(7,466)	0	(7,466)	0
Expiration of financial assets through P&L		9,249	0	9,249	0
Interest received		5,760	1,516	5,717	1,514
Net cash flows from investment activities		**(12,245)**	**(34,252)**	**(8,322)**	**(34,252)**
Cash flows from financing activities					
Lease payments		(265)	(175)	(210)	(126)
Dividends paid to shareholders of the Company		(32,569)	(28,841)	(32,569)	(28,841)
Net cash flows from financing activities		**(32,834)**	**(29,016)**	**(32,779)**	**(28,967)**
Net (decrease) / increase in cash and cash equivalents		**(8,919)**	**8,432**	**(16.224)**	**(2,587)**
Cash and cash equivalents (including Pledged accounts) at the beginning of the period		321,856	366,299	274,983	360,023
Cash and cash equivalents (including Pledged accounts) at the end of the period		**312,937**	**374,731**	**258,759**	**357,436**

The accompanying notes on pages 18 to 35 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 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 six members, elected by the Annual Shareholders General Assembly on 9th June 2023. The Board of Directors tenure expires on 9th June 2028 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

Robin Derlwyn Joy – Member

Paraskevi G. Christophilopoulou – Member

Ioannis P. Tsoukaridis – Member

The General Assembly of Shareholders which was held on 9th June 2023 elected, the Tax Consultant - Economist, Mr. Dimitrios Leventakis, Mr. Ioannis Tsoukaridis, Independent Non-Executive Member of Board of Directors and Mr. Robin Derlwyn Joy, 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 30th June 2023, was 514 employees and of the Group 546 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 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 27th September 2023.

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 2022, with exception to the following IFRS amendments, presented in paragraph 3.2 below, which have been adopted by the Group as of 1 January 2023. The amendments and interpretations that apply for the first time in 2023 did not have a significant impact on the interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2023. 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.

3.2. Impact of new accounting standards and interpretations

The following new standards, the amendments to standards and the new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and adopted by the European Union (E.U.), unless otherwise stated, are effective from 1 January 2023.

IFRS 17 "Insurance Contracts" and Amendments to IFRS 17

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.

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

IAS 1 (Amendments) "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of accounting policies"

In February 2021, the IASB issued amendments concerning disclosure 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 financial statements. More specifically, these amendments require the disclosure of information regarding accounting policies when they are material and provide guidance on the concept of materiality when it is applied to disclosures of accounting policies.

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

IAS 8 (Amendments) "Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates"

In February 2021, the IASB issued amendments that clarify how an entity can distinguish between a change in accounting estimate and a change in accounting policy.

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

IAS 12 (Amendments) "Deferred tax related to assets and liabilities arising from a single transaction"

In May 2021, the IASB issued 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 adoption of the amendments had no impact on the Interim Condensed Financial Statements of the Group and the Company.

IFRS 17 (Amendment) "Initial application of IFRS 17 and IFRS 9 – Comparative information"

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

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

3.3. New Standards and Interpretations effective in subsequent periods

The Group and the Company have not early adopted any of the following standards, interpretations or amendments that have been issued but are not yet effective.

IAS 1 (Amendments) "Classification of liabilities as current or non-current" (effective for annual periods beginning on or after 01/01/2024)

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, among others, clarification that an entity's right to defer settlement should exist at the reporting date and 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. 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 adoption of the amendments is not expected to have an impact on the Financial Statements of the Group and the Company.

IFRS 16 (Amendment) "Lease liabilities in sale and leaseback transactions" (effective for annual periods beginning on or after 01/01/2024)

The amendment clarifies how an entity accounts for variable lease payments when acting as a seller-lessee in sale and leaseback transactions. The entity applies the Standard requirements retrospectively on sale and leaseback transactions occurred on or after the date of first-time application of IFRS 16. The amendment has not yet been adopted by the European Union.

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

IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments' (Amendments) - Disclosures: (effective for annual periods beginning on or after 1 January 2024)

On May 2023, the IASB issued amendments to IAS 7 and IFRS 7 regarding additional disclosures that entities should provide in connection with finance arrangements of their suppliers balances. This amendment has not yet been endorsed by the EU.

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

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 - 30 June 2023, 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)	**01.01-30.06.2023**	**01.01-30.06.2022**	**01.01-30.06.2023**	**01.01-30.06.2022**
International sales (*)	97,805	94,051	94,412	90,734
Domestic sales (*)	32,625	29,260	32,474	29,170
Excise tax and VAT	489,922	486,894	298,365	289,983
Total	**620,352**	**610,205**	**425,251**	**409,887**

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

(Amounts in thousands of Euro)	Group		Company	
Geographical area	**01.01-30.06.2023**	**01.01-30.06.2022**	**01.01-30.06.2023**	**01.01-30.06.2022**
European Union countries	40,161	38,679	37,739	34,257
Other European countries	22,789	19,136	21,821	20,239
Africa	24,795	29,786	24,795	29,786
Asia	10,060	6,450	10,057	6,452
Total	**97,805**	**94,051**	**94,412**	**90,734**

(*) 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 - 30/06/2023 fees, together with the promotional incentives paid to customers, amount to EUR 675 thousand for the Group and EUR 354 thousand for the Company (30.06.2022: Group EUR 719 thousand and Company EUR 376 thousand).

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:

(Amounts in thousands of Euros)	Group 01.01-30.06.2023	Group 01.01-30.06.2022	Company 01.01-30.06.2023	Company 01.01-30.06.2022
Other financial expenses	(620)	(847)	(482)	(751)
Subsidiaries impairment provision	0	0	(59)	(62)
Interest income	6,927	1,604	6,853	1,604
Amortization and expected credit losses of financial asset at amortized cost	(149)	(364)	(149)	(364)
(Loss) / Profit on valuation of financial assets through P&L	1,079	(3,939)	1,079	(3,939)
Other	4	1	5	0
Total	**7,241**	**(3,545)**	**7,247**	**(3,512)**

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 2022 in accordance with Greek tax legislation. The Company does not expect any future income taxes or penalties to arise because of a tax audit by the Greek tax authorities for the years from 2017 through to 2022. 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 – 2022.

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 2022 in accordance with Greek tax legislation. The Subsidiary does not expect any additional corporation tax obligations or penalties to arise because of a tax audit by the Greek tax authorities for the years from 2017 through to 2022, while Fiscal Years from 2011 through to 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 – 2022.

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 2022 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 2022, while Fiscal Years from 2011 through to 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 – 2022.

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)	**01.01-30.06.2023**	**01.01-30.06.2022**	**01.01-30.06.2023**	**01.01-30.06.2022**
Current income tax	12,005	14,294	11,634	13,983
Deferred taxes	(612)	1,423	(500)	1,342
Total	**11,393**	**15,717**	**11,134**	**15,325**

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)	**01.01-30.06.2023**	**01.01-30.06.2022**	**01.01-30.06.2023**	**01.01-30.06.2022**
Net profit, after tax	**42,857**	**50,348**	**40,424**	**48,026**
Attributable to:				
Company's shareholders	42,858	50,349	40,424	48,026
Minority interests	(1)	(1)	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)	**15.5279**	**18.2420**	**14.6464**	**17.4014**
Diluted earnings per share (in absolute figures)	**15.5279**	**18.2420**	**14.6464**	**17.4014**

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	40	408	6	70	524
IFRS 16 Additions	0	136	0	1,177	0	1,313
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 30 June 2023	**6,130**	**19,853**	**153,472**	**3,760**	**6,781**	**189,996**
Accumulated depreciation						
Balance 1 January 2023	**0**	**13,503**	**96,520**	**2,886**	**6,040**	**118,949**
Depreciation for the period	0	174	3,100	8	99	3,381
Right-of-use assets -IFRS 16	0	34	0	174	0	208
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 30 June 2023	**0**	**13,695**	**99,620**	**2,412**	**6,139**	**121,866**
Net book value as at June 30 2023	**6,130**	**6,158**	**53,852**	**1,348**	**642**	**68,130**

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	40	408	6	69	523
IFRS 16 Additions	0	0	0	1,139	0	1,139
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at June 2023	**6,130**	**19,532**	**153,472**	**3,268**	**6,450**	**188,852**
Accumulated depreciation						
Balance 1 January 2023	**0**	**13,278**	**96,520**	**2,535**	**5,808**	**118,141**
Depreciation for the period	0	174	3,100	8	94	3,376
Right-of-use assets -IFRS 16	0	5	0	150	0	155
IFRS 16 Transfers	0	(16)	0	(656)	0	(672)
Balance as at 30 June 2023	**0**	**13,441**	**99,620**	**2,037**	**5,902**	**121,000**
Net book value as at 30 June 2023	**6,130**	**6,091**	**53,852**	**1,231**	**548**	**67,852**

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.

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)	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Listed Shares	9	8	9	8
Mutual Funds	59,984	59,144	59,984	59,144
Dual Currency Investments	7,400	9,438	7,400	9,438
Total	**67,393**	**68,590**	**67,393**	**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 67,384 thousand (Company: EUR 67,384 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 1,682 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 65,702 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

	Group		Company	
(Amounts in thousands of Euro)	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Corporate Bonds	48,152	56,490	48,152	56,490
Financial Bonds	100,434	72,659	100,434	72,659
Government Bonds	81,998	17,560	81,998	17,560
Time deposits with duration longer than 3 months	41,242	105,518	37,251	105,518
Total	**271,826**	**252,227**	**267,835**	**252,227**

From the **Corporate**, **Financial** and **Government** bonds which amounted to EUR 230,584 thousand (Company: EUR 230,584 thousand), an amount of EUR 206,255 thousand is invested in bonds of investment grade rating, an amount of EUR 15,742 thousand is invested in bonds of credit rating, while an amount of EUR 8,587 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 221,336 thousand (Company: EUR 221,336 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 9,248 thousand (Company: EUR 9,248 thousand). Time deposits with duration longer than 3 months are included in this fair value hierarchy level.

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. Out of the State Bonds presented in Note 12, a book value amount of EUR 46,206 thousand (Company: EUR 46,206 thousand) is pledged within the context of the agreement. The fair value of these bonds as at 30/06/2023 amounted to EUR 45,351 thousand, whereas their respective nominal value is EUR 45,500 thousand.

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. During the first semester 2023, there were no cases of liquidation before maturity. 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.

	Book Value		Fair Value	
(Amounts in thousands of Euros)	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Corporate Bonds	48,152	56,490	45,125	52,207
Financial Bonds	100,434	72,659	96,010	68,715
Government Bonds	81,998	17,560	80,213	17,049
Total	**230,584**	**146,709**	**221,348**	**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

	Group		Company	
(Amounts in thousands of Euro)	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Cash in hand	20	16	19	14
Current deposits	112,399	199,272	59,620	157,075
Time deposits	200,518	122,568	199,120	117,894
Total	**312,937**	**321,856**	**258,759**	**274,983**

Current deposits include **Pledged Deposits** of EUR 210 thousand on 30/06/2023 (31/12/2022: EUR 45.500 thousand).

The **Pledged accounts** of EUR 45,500 thousand on 31/12/2022 related to cash deposits which had been pledged for the provision of bank guarantees (Note 14iii). The Company had 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.

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. According to the agreement, the market value of the eligible pledged assets needs to be EUR 45,500 thousand. 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. The amount of pledged accounts as at 30/06/2023 refers to the deposit amount required as a result of the daily settlement process of pledged bond fair value, so that the total pledged amount to be equal to EUR 45,500 thousand at any time.

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 2023, the aggregate value of these Bank Letters of Guarantee was EUR 102,185 thousand, compared to EUR 118,428 on 30 June 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 30 June 2023 was EUR 43,204 thousand compared to EUR 43,204 thousand on 30 June 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 30.06.2023 collateral bank guarantees of equal amount from CREDIT SUISSE AG, to which the Company has pledged state bonds with nominal value of 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. The legal recourse was rejected by the Tripoli Administrative Court of First Instance. Against this ruling, the Company filed an appeal to the Council of State which rejected the pertinent appeal.

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 30 June 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 on the Financial Statements.

x. The Company had received invoices from foreign suppliers of EUR 539 thousand until the end of the Financial Reporting period 2023, which refer to goods in transit and for which the suppliers had the control and bear the related risks as at 30/06/2023.

15. 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)	01.01-30.06.2023	01.01-30.06.2022
MERIDIAN S.A.	139	116
KARELIA BULGARIA EOOD	21,907	19.368
KARELIA TOBACCO COMPANY (UK) LTD	1,625	1.987
KARELIA TÜTÜN VE TICARET A.Ş.	42	37
Total	**23,713**	**21.508**

II. Other intercompany charges

(Amounts in thousands of Euro)	01.01-30.06.2023	01.01-30.06.2022
KARELIA TOBACCO COMPANY (UK) LTD	18	0
KARELIA TÜTÜN VE TICARET A.Ş.	(42)	(35)
Total	**(24)**	**(35)**

III. Outstanding balances from sales of products and services

Receivables from related parties

(Amounts in thousands of Euro)	30.06.2023	31.12.2022
MERIDIAN S.A.	158	19
KARELIA BULGARIA EOOD	11,579	2,985
KARELIA TOBACCO COMPANY (UK) LTD	378	181
KARELIA TÜTÜN VE TICARET A.Ş.	11	0
Total	**12,126**	**3,185**

IV. Outstanding balances from other intercompany charges

(Amounts in thousands of Euros)	30.06.2023	31.12.2022
KARELIA TÜTÜN VE TICARET A.Ş.	(3)	(3)
Total	**(3)**	**(3)**

V. Remuneration for Board of Directors members and department directors

(Amounts in thousands of Euro)	Group 01.01-30.06.2023	Group 01.01-30.06.2022	Company 01.01-30.06.2023	Company 01.01-30.06.2022
Remuneration of the members of the BOD	262	263	262	263
Salaries and other short-term benefits of department directors	1,448	1,385	1,305	1,241
Total	**1,710**	**1,648**	**1,567**	**1,504**

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

16. 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:

	01.01-30.06.2023		01.01-30.06.2022	
(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	129,708	27,755	120,198	28,169
Financial income	6,128	43	1,485	0
Financial expenses	508	136	804	92
Total depreciation of fixed assets	2,497	47	2,707	42
Profit before taxes	53,658	2,262	62,234	1,893

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

Revenue from customers

(Amounts in thousands of Euro)	Group	
	30.06.2023	**30.06.2022**
Revenue from external customers	157,463	148,367
Other operating income	(1,442)	(1,465)
Eliminations of intergroup sales (Note15)	(23,713)	(21,508)
Other revenues	(1,203)	(1,364)
IFRS 15	(675)	(719)
Excise and VAT (Note 6)	489,922	486,894
Total	**620,352**	**610,205**

Profit/ Loss before taxes

(Amounts in thousands of Euro)	Group	
	30.06.2023	**30.06.2022**
Profit before taxes	55,920	64,127
Adoption from C.L.2190/1920 to IFRS	(2,269)	882
Eliminations of intergroup profits	599	1,056
Profit before taxes in accordance with Profit or Loss and Other Comprehensive Income	**54,250**	**66,065**

17. Dividends per share

The General Assembly of Shareholders which was held on 9th June 2023. The General Assembly of Shareholders decided to distribute as dividends for the financial year 2022 an amount equal to EUR 32,568 thousand, which is equivalent to EUR 11.80 per share. The proposed gross dividend is higher than that of the financial year 2021. Based on the share price of December 31st 2022, the proposed dividend represents a dividend yield of 4.07%

18. Subsequent Events to the Statement of Financial Position

No significant events which might influence the Financial Statements as of 30 June 2023 have occurred following the date of the Statement of Financial Position.

Kalamata, September 27th, 2023

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