

ANNUAL  
FINANCIAL  
REPORT  
FOR FISCAL  
YEAR  
2019

(As per Article 4, L. 3556/2007)

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## 1. Audited Annual Financial Statements

## 1.1 Group Consolidated Financial Statements

# **HELLENIC PETROLEUM S.A.**

Consolidated Financial Statements  
in accordance with IFRS as endorsed by the  
European Union for the  
year ended 31 December 2019



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## Company Information

### Directors

Ioannis Papathanasiou - Chairman of the Board (From 7/8/2019)  
Andreas Shiamishis - Chief Executive Officer (From 7/8/2019)  
Georgios Alexopoulos - Member  
Theodoros-Achilleas Vardas - Member  
Michail Kefalogiannis - Member (From 7/8/2019)  
Alexandros Metaxas - Member (From 7/8/2019)  
Iordanis Aivazis - Member (From 7/8/2019)  
Loukas Papazoglou - Member (From 7/8/2019)  
Alkiviadis-Konstantinos Psarras - Member (From 7/8/2019)  
Theodoros Pantalakis - Member  
Spiridon Pantelias - Member  
Georgios Papakonstantinou - Member  
Konstantinos Papagiannopoulos - Member

### Other Board Members during the year

Efstathios Tsotsoros - Chairman of the Board & Chief Executive Officer (Until 7/8/2019)  
Georgios Grigoriou - Member (Until 7/8/2019)  
Dimitrios Kontofakas - Member (Until 7/8/2019)  
Vasileios Kounelis - Member (Until 7/8/2019)  
Loudovikos Kotsopoulos - Member (Until 7/8/2019)  
Christos Tsitsikas - Member (Until 7/8/2019)

### Registered Office

8A Chimarras Str  
GR 151 25 - Marousi

### General Commercial Registry

000296601000

These consolidated financial statements constitute an integral part of the Annual Financial Report which can be found at <https://www.helpe.gr/en/investor-relations/quarterly-results/annual-and-interim-financial-reports/> and which incorporates the Independent Auditor's Report.



## Consolidated Statement of financial position

		As at	
	Note	31 December 2019	31 December 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3.297.668	3.268.928
Right-of-use assets	2,7	242.934	-
Intangible assets	8	104.426	105.617
Investments in associates and joint ventures	9	384.747	390.091
Deferred income tax assets	19	59.358	64.109
Investment in equity instruments	3	1.356	634
Loans, advances and long term assets	10	55.438	73.922
		<b>4.145.927</b>	<b>3.903.301</b>
<b>Current assets</b>			
Inventories	11	1.012.802	993.031
Trade and other receivables	12	748.153	776.487
Income tax receivable	29	91.391	37.466
Assets held for sale		2.520	3.133
Derivative financial instruments	23	3.474	-
Cash and cash equivalents	13	1.088.198	1.275.159
		<b>2.946.538</b>	<b>3.085.276</b>
<b>Total assets</b>		<b>7.092.465</b>	<b>6.988.577</b>
<b>EQUITY</b>			
Share capital and share premium	14	1.020.081	1.020.081
Reserves	15	276.972	258.527
Retained Earnings		964.972	1.052.164
<b>Equity attributable to equity holders of the parent</b>		<b>2.262.025</b>	<b>2.330.772</b>
<b>Non-controlling interests</b>		64.548	63.959
<b>Total equity</b>		<b>2.326.573</b>	<b>2.394.731</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	17	1.610.094	1.627.171
Lease liabilities	2,18	169.357	-
Deferred income tax liabilities	19	213.495	185.744
Retirement benefit obligations	20	180.398	163.514
Provisions	21	25.625	38.238
Other non-current liabilities	22	28.376	28.852
		<b>2.227.345</b>	<b>2.043.519</b>
<b>Current liabilities</b>			
Trade and other payables	16	1.401.732	1.349.153
Derivative financial instruments	23	-	16.387
Income tax payable	29	7.147	75.119
Interest bearing loans and borrowings	17	1.022.270	1.108.785
Lease liabilities	2,18	30.537	-
Dividends payable		76.861	883
		<b>2.538.547</b>	<b>2.550.327</b>
<b>Total liabilities</b>		<b>4.765.892</b>	<b>4.593.846</b>
<b>Total equity and liabilities</b>		<b>7.092.465</b>	<b>6.988.577</b>

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 27 February 2020.

A. Shiamishis

C. Thomas

S. Papadimitriou

Chief Executive Officer

Chief Financial Officer

Accounting Director

## Consolidated statement of comprehensive income

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Revenue from contracts with customers</b>	<b>5</b>	<b>8.856.965</b>	<b>9.769.155</b>
Cost of sales	24	(8.051.806)	(8.769.769)
<b>Gross profit</b>		<b>805.159</b>	<b>999.386</b>
Selling and distribution expenses	24	(329.711)	(324.430)
Administrative expenses	24	(140.012)	(150.518)
Exploration and development expenses	25	(4.843)	(1.403)
Other operating income / (expenses) and other gains / (losses)	26	10.351	(8.823)
<b>Operating profit</b>		<b>340.944</b>	<b>514.212</b>
Finance income	27	5.843	3.827
Finance expense	27	(146.303)	(149.532)
Lease finance cost	18,27	(10.081)	-
Currency exchange gains / (losses)	28	(1.255)	2.194
Share of profit / (loss) of investments in associates and joint ventures	9	17.862	(1.771)
<b>Profit before income tax</b>		<b>207.010</b>	<b>368.930</b>
Income tax expense	29	(43.434)	(154.218)
<b>Profit for the year</b>		<b>163.576</b>	<b>214.712</b>
<b>Profit attributable to:</b>			
Owners of the parent		160.798	211.614
Non-controlling interests		2.778	3.098
		<b>163.576</b>	<b>214.712</b>
<b>Other comprehensive income / (loss):</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss (net of tax):</b>			
Actuarial gains / (losses) on defined benefit pension plans	20	(12.369)	(11.012)
Changes in the fair value of equity instruments	15	544	(695)
Share of other comprehensive income / (loss) of associates	15	(188)	(288)
		(12.013)	(11.995)
<b>Other comprehensive income that may be reclassified subsequently to profit or loss (net of tax):</b>			
Fair value gains / (losses) on cash flow hedges	15	12.890	(5.006)
Recycling of (gains) / losses on hedges through comprehensive income	15	1.501	(14.920)
Currency translation differences and other movements		272	(745)
		14.663	(20.671)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>2.650</b>	<b>(32.666)</b>
<b>Total comprehensive income for the year</b>		<b>166.226</b>	<b>182.046</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners of the parent		163.425	178.958
Non-controlling interests		2.801	3.088
		<b>166.226</b>	<b>182.046</b>
<b>Earnings per share (expressed in Euro per share)</b>	<b>30</b>	<b>0,53</b>	<b>0,69</b>

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

	Note	Attributable to owners of the Parent				Non-controlling Interest	Total Equity
		Share Capital	Reserves	Retained Earnings	Total		
<b>Balance at 31 December 2017 as originally presented</b>		<b>1.020.081</b>	<b>358.056</b>	<b>930.522</b>	<b>2.308.659</b>	<b>62.915</b>	<b>2.371.574</b>
Effect of changes in accounting policy		-	166	(3.469)	(3.303)	-	(3.303)
<b>Balance at 1 January 2018</b>		<b>1.020.081</b>	<b>358.222</b>	<b>927.053</b>	<b>2.305.356</b>	<b>62.915</b>	<b>2.368.271</b>
Changes in the fair value of equity instruments	15	-	(700)	-	(700)	5	(695)
Currency translation gains / (losses) and other movements	15	-	(740)	-	(740)	(5)	(745)
Actuarial losses on defined benefit pension plans	15	-	(11.002)	-	(11.002)	(10)	(11.012)
Recycling of (gains) / losses on hedges through comprehensive income	15	-	(14.920)	-	(14.920)	-	(14.920)
Fair value losses on cash flow hedges	15	-	(5.006)	-	(5.006)	-	(5.006)
Share of other comprehensive income / (loss) of associates	15	-	(288)	-	(288)	-	(288)
Other comprehensive loss	15	-	<b>(32.656)</b>	-	<b>(32.656)</b>	<b>(10)</b>	<b>(32.666)</b>
Profit for the period		-	-	211.614	211.614	3.098	214.712
<b>Total comprehensive income / (loss) for the year</b>		-	<b>(32.656)</b>	<b>211.614</b>	<b>178.958</b>	<b>3.088</b>	<b>182.046</b>
Share based payments	14	-	(93)	(1.121)	(1,214)	-	(1,214)
Acquisition of treasury shares	15	-	(683)	-	(683)	-	(683)
Issue of treasury shares to employees	15	-	1,214	-	1,214	-	1,214
Participation of minority shareholders in share capital increase of subsidiary		-	-	-	-	17	17
Transfers from Reserves to Retained Earnings	15	-	(17,319)	17,319	-	-	-
Tax on intra-group dividends		-	-	(123)	(123)	-	(123)
Dividends to non-controlling interests		-	-	-	-	(2,061)	(2,061)
Dividends		-	(76,408)	(76,408)	(152,816)	-	(152,816)
Transfer to Statutory Reserve		-	26,170	(26,170)	-	-	-
Transfer of grant received to tax free reserves	15	-	80	-	80	-	80
<b>Balance at 31 December 2018</b>		<b>1.020.081</b>	<b>258.527</b>	<b>1.052.164</b>	<b>2.330.772</b>	<b>63.959</b>	<b>2.394.731</b>
Changes of the fair value of equity investments	15	-	525	-	525	19	544
Recycling of (gains) / losses on hedges through comprehensive income	15	-	1,501	-	1,501	-	1,501
Fair value gains / (losses) on cash flow hedges	15	-	12,890	-	12,890	-	12,890
Share of other comprehensive income of associates	15	-	(188)	-	(188)	-	(188)
Currency translation differences and other movements	15	-	271	-	271	1	272
Actuarial gains / (losses) on defined benefit pension plans	15	-	(12,372)	-	(12,372)	3	(12,369)
<b>Other comprehensive income / (loss)</b>	15	-	<b>2.627</b>	-	<b>2.627</b>	<b>23</b>	<b>2.650</b>
Profit for the period		-	-	160,798	160,798	2,778	163,576
<b>Total comprehensive income for the period</b>		-	<b>2.627</b>	<b>160.798</b>	<b>163.425</b>	<b>2.801</b>	<b>166.226</b>
Share of acquisition of non-controlling interest in associate		-	-	(2,482)	(2,482)	-	(2,482)
Share capital issue expenses		-	-	(342)	(342)	-	(342)
Transfers to statutory and tax reserves	15	-	15,818	(15,818)	-	-	-
Participation of minority shareholders in share capital increase of subsidiary		-	-	-	-	34	34
Tax on intra-group dividends		-	-	(122)	(122)	-	(122)
Dividends to non-controlling interests		-	-	-	-	(2,246)	(2,246)
Dividends		-	-	(229,226)	(229,226)	-	(229,226)
<b>Balance at 31 December 2019</b>		<b>1.020.081</b>	<b>276.972</b>	<b>964.972</b>	<b>2.262.025</b>	<b>64.548</b>	<b>2.326.573</b>

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	32	634.718	652.291
Income tax received / (paid)		(148.655)	(4.918)
<b>Net cash generated from / (used in) operating activities</b>		<b>486.063</b>	<b>647.373</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment & intangible assets	6,8	(241.045)	(156.713)
Proceeds from disposal of property, plant and equipment & intangible assets		1.616	277
Participation in share capital increase of associates and joint ventures		(10.295)	-
Purchase of subsidiary, net of cash acquired	36	(5.341)	(1.298)
Settlement of consideration of acquisition of further equity interest in subsidiary		-	(16.000)
Grants received		439	299
Interest received	27	5.843	3.827
Prepayments for right-of-use assets		(717)	-
Dividends received	9	30.490	307.735
Proceeds from disposal of assets held for sale		1.334	-
Proceeds from disposal of investments in equity instruments		19	265
<b>Net cash generated from / (used in) investing activities</b>		<b>(217.657)</b>	<b>138.392</b>
<b>Cash flows from financing activities</b>			
Interest paid		(150.411)	(140.755)
Dividends paid to shareholders of the Company		(153.248)	(148.767)
Dividends paid to non-controlling interests		(2.246)	(2.061)
Acquisition of treasury shares		-	(683)
Participation of minority shareholders in share capital increase of subsidiary		34	17
Proceeds from borrowings		514.700	409.694
Repayments of borrowings		(625.581)	(506.358)
Payment of lease liabilities - principal	18	(30.712)	-
Payment of lease liabilities - interest	18	(10.081)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>(457.545)</b>	<b>(388.913)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(189.139)</b>	<b>396.852</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
Exchange gains / (losses) on cash and cash equivalents	13	1.275.159	873.261
Net increase / (decrease) in cash and cash equivalents		2.179	5.046
		(189.139)	396.852
<b>Cash and cash equivalents at end of the year</b>	13	<b>1.088.198</b>	<b>1.275.159</b>

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

### 1 General information

Hellenic Petroleum S.A. (“the Company or “Hellenic Petroleum”) is the parent company of Hellenic Petroleum Group (the “Group”). The Group operates in the energy sector predominantly in Greece, South Eastern Europe and the East Mediterranean. The Group’s activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons. The Group also provides engineering services. Through its investments in DEPA and Elpedison, the Group also operates in the natural gas sector and in the production and trading of electricity power.

The parent company is incorporated in Greece and the address of its registered office is 8A Chimarras Str., Marousi, 151 25. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 27 February 2020. The shareholders of the Company have the power to amend the financial statements after their issuance.

### 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

#### 2.1 Basis of preparation

These consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union (“EU”), and present the financial position, results of operations and cash flows of the Group on a going concern basis. Management has concluded that the going concern basis of preparation of the accounts is appropriate.

The consolidated financial statements have been prepared in accordance with the historical cost basis, except for the following:

- financial instruments – some of which are measured at fair value
- defined benefit pension plans – plan assets measured at fair value
- assets held for sale – measured at the lower of carrying value and fair value less cost to sell

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 “Critical accounting estimates and judgements”. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

## 2.1.1 New standards, amendments to standards and interpretations

### *New and amended standards adopted by the Group.*

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2018 and have been consistently applied in all periods presented in this report except for the following IFRSs, which have been adopted by the Group as of 1 January 2019. The Group applied for the first time, IFRS 16 (Leases) and disclosed below, as required by IFRSs, the nature and effect of these changes. Several other amendments and interpretations were also applied for the first time in 2019 but, other than the classification effect of IFRIC 23, they do not have a significant impact on the consolidated financial statements of the Group for the year ended 31 December 2019.

- *IFRS 16 Leases:* IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The comparative figures have not been restated. The Group applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Group elected to use the recognition exemptions proposed by the standard for lease contracts that, at the commencement date have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which, the underlying asset is of low value ('low-value assets'). Finally, the Group decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

<b>Assets</b>	
Right-of-use assets	230.848
Property, plant and equipment	(6.259)
Trade and other receivables - prepayments	(37.509)
Service stations usage rights	(9.940)
<b>Total assets</b>	<b>177.140</b>
<b>Liabilities</b>	
Lease liabilities	180.198
Borrowings	(3.058)
<b>Total liabilities</b>	<b>177.140</b>

#### a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of petrol station properties, commercial properties, plant & machinery and motor vehicles. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease

term. Any prepaid rent and accrued rent were recognized under Trade and other receivables and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17 under property plant and equipment and borrowings respectively). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients whereby it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

For the year ended 31 December 2019 the effect of the application of IFRS 16 in the statement of comprehensive income is:

	Note	<u>2019</u>
<b>Decrease in operating expenses &amp; cost of sales</b>		<u><b>41.554</b></u>
Depreciation expense for right-of-use assets	7	(39.103)
Interest expense on lease liabilities	27	(10.081)
<b>Total cost of leases in scope of IFRS 16</b>		<u><b>(49.184)</b></u>
<b>Net decrease in net income before tax</b>		<u><b>(7.630)</b></u>

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to

obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment on their own or together with the Cash Generating Unit to which they belong.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered of low value (i.e., below five thousand Euros). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

During 2019, the IFRS Interpretations Committee (the “Committee”) issued, among others, a summary of decisions reached in its public meetings to clarify interpretations in respect to IFRS 16 on the following topics:

- Subsurface rights

The Committee concluded that the arrangement presented in its decision, where a pipeline operator obtains the right to place a pipeline in an underground space constitutes a lease and therefore this arrangement as presented in this decision should be in scope of IFRS 16. As disclosed in note 7, the Group operates a number of subsurface pipelines within the boundaries of various municipalities, in accordance with relevant laws, without the requirement to pay any compensation for them. As described in note 33 of these financial statements, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The group has appealed against such amounts imposed as described in the note and believes the



outcome will be favourable. The Group considers these do not fall within the scope of IFRS 16 as there is no requirement to pay compensation.

- Lease term

The Committee issued a decision that in assessing the notion of no more than an insignificant penalty, when establishing the lease term, the analysis should not only capture the termination penalty payment specified in the contract but use a broader economic consideration of penalty and thus include all kinds of possible economic outflows related to termination of the contract. The Group applies this decision and uses judgment in estimating the lease term, especially in cases, where the agreements do not provide for a predetermined term, such as rights of use of coastal zones as described in note 7. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

- Lessor accounting

The Group enters into certain sublease agreements with third parties and therefore, acts as an intermediate lessor. In classifying a sublease, the Group acting as the intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying paragraph 6 of the standard, the sublease shall be classified as an operating lease.

(b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Group has assessed all subleases it enters into based on the above criteria and classifies these as either operating or finance. As at 31 December 2019, all leases where the Group acts as an intermediate lessor assessed and evaluated as operating.

- *IFRS 9 (Amendment) Prepayment features with negative compensation:* The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be ‘negative compensation’), to be measured at amortized cost or at fair value through other comprehensive income.
- *IAS 28 (Amendments) Long-term Interests in Associates and Joint Ventures:* The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.
- *IFRIC Interpretation 23: Uncertainty over Income Tax Treatments:* The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Company’s and the subsidiaries’ tax filings in different jurisdictions include income tax deductions and the respective tax authorities may challenge the deductibility thereof. The Group determined, that the tax treatment adopted will be accepted by the tax authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group. As a result of IFRIC 23 and related IFRIC decisions the Group proceeded to reclassify its income tax receivables from trade and other receivable line to a separate line in the statement of financial position.
- *IAS 19 (Amendments) Plan Amendment, Curtailment or Settlement:* The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify

how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.

- *Annual Improvements to IFRSs 2015 – 2017 Cycle*, which is a collection of amendments to IFRSs.
  - *IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - *IAS 12 Income Taxes*: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - *IAS 23 Borrowing Costs*: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

#### **Standards issued but not yet effective and not early adopted**

The Group has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective. In addition, the Group assessed all standards, interpretations and amendments issued but not yet effective, and concluded that, they will not have any significant impact on the consolidated financial statements.

- *IFRS 10 (Amendment) Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*: The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.
- *Conceptual Framework in IFRS standards*: The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.
- *IFRS 3 Business Combinations (Amendments)*: The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.
- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting,

misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

- *IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest rate benchmark reform"*. The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.
- *IAS 1 Presentation of Financial Statements "Classification of Liabilities as Current or Non-current (Amendments)"*. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

## 2.2 Basis of Consolidation

### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

At each reporting period, the Group reassesses whether it exercises control over the investees, in case there are facts and circumstances indicating a change in one of the control elements above. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless there is objective evidence that the asset is impaired. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of other comprehensive income, statement of changes in equity and statement of financial position respectively.

### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### (c) Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or

liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

*(d) Associates and Equity method*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and their carrying amount is increased or decreased to recognise the investor's share of the profit or loss or share of other comprehensive income of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

*(e) Joint arrangements*

Investments in joint arrangements (IFRS 11) are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

A joint operation arises where the Group has rights to the assets and obligations of the operation. The Group recognizes its share of the assets, obligations, revenue and expenses of the jointly controlled operation, including its share of those held or incurred jointly, in each respective line of its' financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of investments in associates and a joint ventures' in the statement of profit or loss.

## **2.3 Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date and is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss, in accordance with the appropriate IFRS. Amounts classified as equity are not remeasured.

Goodwill (as disclosed in Note 2.9) is initially measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed and reviews their measurement, before any remaining difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

## **2.4 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee which is comprised of the Chairman of the Board of Directors and Chief Executive Officer, the Deputy Chief Executive Officer and six General Managers of the Group, is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. The Group's key operating segments are disclosed in note 5.

## **2.5 Foreign currency translation**

### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the parent entity's functional currency and the presentation currency of the Group. Given that the Group's primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. Depending on the country of operation, the Group translates this value to the local currency (Euro in most cases) at the time of any transaction.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

For transactions that include the receipt or payment of advance consideration in a foreign currency the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

Foreign exchange gains and losses are presented in the same line as the transaction they relate to in the statement of comprehensive income, except those that relate to borrowings and cash, which are presented in a separate line (“Currency exchange gains/(losses)”).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recycled to the profit or loss of the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

## **2.6 Assets held for sale**

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets held for sale and their related liabilities are presented separately as current items in the statement of financial position.

## **2.7 Property, plant and equipment**

Property, plant and equipment is comprised mainly of land, buildings, plant & machinery, transportation means and furniture and fixtures. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss of the statement of comprehensive income as incurred. Refinery turnaround costs that take place periodically are capitalised and charged to profit or loss on a straight line basis until the next scheduled turnaround to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Assets under construction are assets (mainly related to the refinery units) that are in the process of construction or development, and are carried at cost. Cost includes cost of construction, professional fees and other direct costs. Assets under construction are not depreciated, as the corresponding assets are not yet available for use.

Land is also not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful economic life, as shown on the table below for the main classes of assets:

– Buildings (including petrol stations)	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years
▪ Pipelines	30 – 40 years
▪ Other equipment	5 – 10 years
– Transportation means	
▪ LPG and white products carrier tank trucks	5 – 10 years
▪ Other Motor Vehicles	4 – 10 years
▪ Shipping Vessels	25 – 35 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Specialised industrial installations include refinery units, petrochemical plants, tank facilities and petrol stations.

The assets' residual values and estimated useful economic lives are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (Note 2.11).

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss, which is determined by comparing the proceeds with the carrying amount, is included in the consolidated statement of comprehensive income within "Other operating income / (expenses) and other gains / (losses)".

## **2.8 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred.

## **2.9 Intangible assets**

### *(a) Goodwill*

Goodwill represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets and liabilities of the acquiree at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. In the event that the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition is higher than the cost, the excess remaining is recognised immediately in the statement of comprehensive income.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs or Groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount (higher of value in use and fair value less costs to sell) of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### *(b) Retail Service Stations Usage rights*

Retail Service Stations Usage rights represent upfront lump-sum amounts to purchase licenses to operate and control service stations from previous owner of the license. These licenses are not directly linked with a lease agreement and have an indefinite useful economic life. Such payments made to secure branding and future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets.

### *(c) Licences and rights*

Licences and rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is being calculated using the straight-line method to allocate their cost over their estimated useful lives, which usually range from 3 to 25 years.

### *(d) Computer software*

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (1 to 5 years).

## **2.10 Exploration for and evaluation of mineral resources**

### *(a) Exploration and evaluation assets*

During the exploration period and before a commercially viable discovery, oil and natural gas exploration and evaluation expenditures are expensed. Geological and geophysical costs as well as costs directly associated with



an exploration are expensed as incurred. Exploration property leasehold acquisition costs are capitalized within intangible assets and amortised over the period of the licence or in relation to the progress of the activities if there is a substantial difference. Upstream exploration rights are included in licenses and rights in intangible assets.

*(b) Development of tangible and intangible assets*

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalized within tangible and intangible assets according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and/or amortisation is charged during development.

*(c) Oil and gas production assets*

Oil and gas production assets are aggregated exploration and evaluation tangible assets and development expenditures associated with the production of proved reserves. The Group has not recognised any such assets, as it is currently in the first stages of exploration and evaluation.

*(d) Depreciation/amortisation*

Oil and gas properties/intangible assets are depreciated/amortized using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

*(e) Impairment – exploration and evaluation assets*

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

*(f) Impairment – proved oil and gas properties and intangible assets*

Proven oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

## **2.11 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether an indication of impairment exists. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

## **2.12 Financial assets**

### **2.12.1 Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.25 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### *(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

*(b) Financial assets at amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*(c) Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss of the statement of comprehensive income, when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

## **2.12.2 Derecognition and impairment**

### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired Or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### *Impairment*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant estimates and assumptions Note 4
- Trade receivables Note 12

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **2.12.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **2.13 Derivative financial instruments and hedging activities**

As part of its risk management policy, the Group utilizes currency and commodity derivatives to mitigate the impact of volatility in commodity prices and foreign exchange rates. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in other comprehensive income, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The documentation also includes both at hedge inception and on an ongoing basis how it will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The instruments used for this risk management include commodity exchange traded contracts (ICE futures), full refinery margin forwards, product price forward contracts or options.

#### *Cash flow hedges*

The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within "Other operating income / (expenses) and other gains / (losses)". Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the derivative is de-designated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within "Other operating income / (expenses) and other gains / (losses)".

#### *Derivatives held for trading*

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value of the derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

## **2.14 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to Property, Plant and Equipment received by the Group are initially recorded as deferred government grants and included in “Other non-current liabilities”. Subsequently, they are credited to the statement of comprehensive income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

## **2.15 Inventories**

Inventories comprise crude oil and other raw materials, refined and semi-finished products, petrochemicals, merchandise, consumables and other spare parts.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, where applicable. Spare parts consumed within a year are carried as inventory and recognized in profit or loss when consumed.

## **2.16 Trade receivables**

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables include bills of exchange and promissory notes from customers.

For trade receivables, which are not in default the Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed on a case by case basis. The amount of the provision is recognised in the statement of comprehensive income and is included in “Selling and distribution expenses”.

## **2.17 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

## **2.18 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised to profit or loss of the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

## **2.19 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption

value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

In cases where an existing borrowing of the Group is renegotiated, this might result in modification or an exchange of borrowings with the lenders that could be carried out in a number of ways. Whether a modification or exchange of borrowings represents a settlement of the original debt, or merely a renegotiation of that debt, determines the accounting treatment that should be applied by the borrower. When the terms of the existing borrowings are substantially different from the terms of the modified or exchanged borrowings, such a modification or exchange is treated as an extinguishment of the original borrowing and the recognition of a new liability any difference in the respective carrying amount, is recognized in profit and loss of the statement of comprehensive income.

The Group considers the terms to be substantially different if either the discounted present value of the future cash flows under the new terms, including any costs or fees incurred, using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original borrowing or there is a substantial change in the terms from a qualitative perspective. Qualitative factors may include:

- the currency in which the borrowing is denominated
- the interest rate (that is fixed versus floating rate)
- changes in covenants

## **2.20 Current and deferred income tax**

The tax expense or credit for the period comprises current and deferred tax. The income tax expense or credit for the period, is the tax estimated on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Any interest and penalties arising on uncertain tax positions are considered as part of income tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred

income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets are reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

## **2.21 Employee benefits**

### *(a) Pension obligations*

The Group participates in various pension schemes. The payments are determined by the local legislation and the funds' regulations. The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate State pension fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### *Defined benefit pension plan*

Where applicable, under local labor laws, employees and workers are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's or worker's compensation and length of service. This program is considered as a defined benefit plan.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognized in the consolidated statement of profit or loss in employee benefit expense (except where included in the cost of an asset) reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss of the statement of comprehensive income.

#### *Defined contribution plans*

The Group's employees are covered by one of several Greek State sponsored pension funds which relates to the private sector and provides pension and pharmaceutical benefits. Each employee is required to contribute a portion of their monthly salary to the funds, with the Group also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Group has no legal or constructive obligation to pay future benefits under this plan.

#### *(b) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### *(c) Share-based compensation*

Employees of the Group may receive remuneration in the form of share based payments as part of a share option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company may issue new shares. In that case, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### *(d) Short-term paid absences*

The Group recognises the expected cost of short-term employee benefits in the form of paid absences in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

## **2.22 Trade and other payables**

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## **2.23 Provisions**

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.



## **2.24 Environmental liabilities**

The Group has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Group has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

The obligation of the Group to meet its CO<sub>2</sub> emission targets is treated as follows: European ETS register allocates emission rights to refineries annually. Allowances received or purchased are recognised at cost. A provision is recognized for the net obligation payable for the emission quantities that exceed the pre-allocated allowances, after taking into account any purchases of emission certifications. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation net of any certificates purchased. This will be the market price at the balance sheet date of the allowances required to cover any emissions deficit made to date.

## **2.25 Revenue recognition**

### **Revenue from contracts with customers**

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

The Group assesses whether it acts as a principal or agent in each of its revenue arrangements. The Group has concluded that in all sales transactions it acts as a principal.

Revenue is recognised as follows:

#### *Sales of goods – wholesale & retail*

Revenue is recognized when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods). If a contract contains more than one performance obligation, the total transaction price of the contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices. The amount of revenue recognized is the amount allocated to the satisfied performance obligation based on the consideration that the Group expects to receive in accordance with the terms of the contracts with the customers.

#### *Provision of services*

For sales of services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### *Variable consideration*

If the consideration in a contract includes a variable amount, the Group recognizes this amount as revenue only to the extent that it is highly probable that a significant reversal will not occur in the future.

#### *Volume discounts*

The Group provides volume discounts to customers based on thresholds specified in the respective contracts. Options for volume related discounts are assessed by the Group to determine whether they constitute a material right that the customer would not receive without entering into that contract. For all such options that are considered as material rights, the Group assesses the likelihood of its exercise and then the portion of the transaction price allocated to the option is deferred and recognized when it is either exercised or lapsed.

Under the new requirements, the Group concluded that volume discounts constitute a material right which should be recognized over time up to the point it is either exercised or lapsed. All such discounts are accrued within the financial year.

#### **Interest income**

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

#### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

### **2.26 Leases – IAS 17 applicable up to 31 December 2018**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

#### *Group as lessee*

Leases of property plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### *Group as lessor*

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

As from 1 January 2019 this accounting policy has been updated based on the new IFRS 16 standard as described in 2.1.1.

## **2.27 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and appropriately authorised or approved by the Company's Shareholders' General Meeting. Interim dividends proposed by the Board of Directors are recognized as liabilities upon proposal.

## **2.28 Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 requirements and the amount initially recognized, less when appropriate, the cumulative amount of income.

## **2.29 Changes in accounting policies**

The Group adopted the amendments described in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2019.

## **2.30 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

# **3 Financial risk management**

## **3.1 Financial risk factors**

The Group's activities are primarily centred on Downstream Refining (incl. Petrochemicals) & Marketing of petroleum products; with secondary activities relating to exploration of hydrocarbons and power generation and trading. As such, the Group is exposed to a variety of financial and commodity markets' risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Group's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Group to the extent possible. In general, the key factors that impact the Group's operations are summarised as follows:

*Greek Macros:* The Greek economy boosted its growth momentum in the period January-September 2019, despite the slowdown on a global level. Positive developments in the financial sector have taken place, including increased deposits and improved lending conditions for banks. Confidence in the banking sector has grown significantly and restrictions on capital movements have been fully abolished since 1 September.

GDP grew by 2,3% in the third quarter of 2019 compared to the corresponding period of 2018 (GDP increase in the first 9 months of 2019 was 2,1%), mainly driven by higher exports of goods and services, private sector investments, as well as increased private consumption and decreased imports of goods. On the other hand, an increase in imports of services, limited a further upward performance.

Total domestic fuels consumption for the year increased by 2,8% compared to 2018, mainly supported by significantly higher demand for heating gasoil, which is attributed to lower temperatures during the first quarter

of the year. Net demand for Motor fuels marginally increased by 0,4%, driven by higher auto diesel consumption (+1,6%) and lower gasoline demand (-0,7%).

The Greek economy still faces a number of significant challenges, such as the relatively low growth rates comparing to the other countries in the Eurozone and the lower than the investment class Greek government's credit rating. At the same time, there are significant risks and uncertainties coming from the external environment, such as the slowdown in global economic activity due to growing trade protectionism and geopolitical tensions. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

*United Kingdom's exit from the European Union:* The Group is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, Hellenic Petroleum Finance plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. It is uncertain, how the exit of the UK from the EU will affect existing HPF Eurobonds, as well as the Group's funding from international debt capital markets. The Group is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding through the international debt capital markets.

*Currency:* The Group's business is naturally hedged against a functional currency risk. All petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. All international purchases and sales of crude oil and products are conducted in USD and all sales into local markets are either in USD prices or converted to local currency for accounting and settlement reasons using the USD reference on the date of the transaction.

*Prices:* Commodity price risk management is supervised by a Risk Management Committee, which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units.

*Securing continuous crude oil supplies:* During the last 2,5 years crude oil reference prices have partially recovered, following a 3-year period of contraction (June 2014 – June 2017), averaging \$64/bbl in 2019. Nonetheless, the cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, remains at reasonable levels, maintaining the competitive position of Med refiners vs. their global peers. Concerning the USA's decision for the re-imposition of the nuclear-related sanctions against Iran, Hellenic Petroleum has successfully managed to replace the Iranian oil supply with other alternatives in the region, without any significant effect in the continuity and cost of its operations (Note 16).

*Financing of operations:* The key priorities of the Group are the management of the 'Assets and Liabilities' maturity profile, ensuring adequate financing capacity in accordance with its strategic investment plans and liquidity risk management for its operational needs. As a result and in line with its medium term strategic plans and commercial requirements, the Group maintains a mix of long term, medium term and short term credit facilities by taking into consideration banks' and debt capital markets' credit capacity. Approximately 70% of total debt comprises medium to long term committed credit lines while the remaining debt consists predominantly of short term credit facilities.

In June 2018, the Group prepaid two loan facilities, which had a total outstanding balance of €380 million. The facilities were refinanced with a 5 year syndicated revolving bond loan facility issued by Hellenic Petroleum S.A. and subscribed to by Greek and international banks for an amount of €400 million.

In November 2018, Hellenic Petroleum S.A. refinanced a €400 million syndicated bond loan with a new facility of the same principal amount maturing in 2 years, with a one-year extension option.

In January 2015, Hellenic Petroleum S.A. issued a €200 million revolving bond loan facility with a tenor of 3 years. The facility was refinanced in February 2018 for an increased amount of €300 million and a new tenor of 3 years.

In June 2018 Hellenic Petroleum S.A. issued a \$250 million revolving bond loan facility with a tenor of 3 years.

In July 2014 Hellenic Petroleum Finance S.A. issued a €325 million 5 year eurobond with a 5.25% annual coupon maturing in July 2019. The Notes, which are guaranteed by Hellenic Petroleum S.A., are listed on the Luxembourg Stock Exchange. In July 2019, Hellenic Petroleum Finance S.A. fully repaid the outstanding balance of €319.8 million.

In October 2016 Hellenic Petroleum Finance S.A. issued a €375 million 5 year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.453 per cent. of the principal amount. The proceeds of the issue were used to repay existing financial indebtedness including a partial prepayment of a €500 million eurobond maturing in May 2017. The latter was effected via a tender offer process where notes of nominal value of €225 million were accepted. In July 2017 HPF issued a notional amount of €74.53 million of notes guaranteed by Hellenic Petroleum S.A. maturing in October 2021 which were consolidated and form a single series with the €375 million 4.875% guaranteed notes as per above. The notes were partially prepaid in October 2019 with the proceeds of a new eurobond issue of €500 million 5 year Eurobond as detailed below. The balance of the notes as at 31 December 2019 was €201 million.

In October 2019 Hellenic Petroleum Finance S.A. issued a €500 million five-year 2% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.41 per cent. of the principal amount. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248.4 million were accepted.

Additional information is disclosed in paragraph (c) Liquidity risk below and Note 17.

*Capital management:* Another key priority of the Group has been the management of its Assets. Overall the Group has around €4,1 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Group's investment plan during the period 2007-2012, net debt level has increased to 43% of total capital employed while the remaining 57% is financed through shareholders equity. The Group has started reducing its net debt levels through utilization of the incremental operating cashflows, post completion and operation of the new Elefsina refinery. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) *Market risk*

(i) *Foreign exchange risk*

As explained in note 2.5 "Foreign currency translation", the parent company's functional currency and presentation currency of the Group is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss, with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated that at 31 December 2019 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €9 million lower, as a result of foreign exchange gains on translation of US dollar-denominated receivables, payables, cash and borrowings.
- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result, the Group did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Group in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.

- **Local subsidiaries exposure:** Where the Group operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Group seeks to manage this exposure by transferring the exposure for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Group.

(ii) Commodity price risk

The Group's primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Group policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered attractive from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions.

(iii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Approximately 26% of the Group's borrowings are at fixed rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2019, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €9 million lower.

*(b) Credit risk*

(i) Risk Management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

(ii) Credit quality

The credit quality of cash, cash equivalents and restricted cash is assessed by reference to external credit ratings obtained from S&P and Fitch in the table below.

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee monitors material credit exposures on a Group wide basis. See Note 12 for further disclosure on credit risk.

Bank Rating (in €million)	As at	
	31 December 2019	31 December 2018
A	62	-
A-	-	17
BBB+	-	5
BBB	279	518
BBB-	5	1
BB+	1	4
CCC+	505	3
CCC	176	669
CCC-	20	39
No rating	40	20
<b>Total</b>	<b>1.088</b>	<b>1.276</b>

*(c) Liquidity risk*

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom, through committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Group, and in order to achieve better commercial terms (e.g. better pricing, higher credit limits, longer payment terms), the Group provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Group's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc.

The Group's plans with respect to facilities expiring within the next 12 months are presented below in million Euros.

Contractual Term Facilities	1H20	2H20	2020	Schedule for repayment	Schedule for refinancing
Bond loan €400 million	-	225	225	-	225
European Investment Bank ("EIB") Term loan	22	22	44	44	-
<b>Other credit lines (callable on demand)</b>					
Bilateral/ Factoring with recourse	-	-	754	-	-
<b>Total</b>	<b>22</b>	<b>247</b>	<b>1.023</b>	<b>44</b>	<b>225</b>

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>31 December 2019</b>			
Borrowings	1.105.978	1.714.343	-
Lease liabilities (Note 18)	36.124	86.135	89.327
Trade and other payables	1.352.034	-	-
<b>31 December 2018</b>			
Borrowings	1.225.186	1.759.400	-
Finance lease liabilities	906	2.177	607
Trade and other payables	1.307.483	-	-

The amounts included as loans in the table above do not correspond to the balance sheet amounts, as they are contractual (undiscounted) cash flows, which include capital and interest.

Trade and other payables do not correspond to the balance sheet amounts as they include only financial liabilities.

### 3.2 Capital risk management

The Group's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern, to have in place an optimal capital structure from a cost perspective and at the same time to ensure that the requirements of loan financial covenants are met.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry convention, the Group monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & cash equivalents" and, "Investment in equity instruments". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios as at 31 December 2019 and 2018 were as follows:

	As at	
	31 December 2019	31 December 2018
Total Borrowings (Note 17)	2.632.364	2.735.956
Less: Cash & Cash Equivalents (Note 13)	(1.088.198)	(1.275.159)
Less: Investment in equity instruments (Note 3.3)	(1.356)	(634)
<b>Net debt (excl. Lease liabilities)</b>	<b>1.542.810</b>	<b>1.460.163</b>
Total Equity	2.326.573	2.394.731
<b>Total Capital Employed (excl. Lease liabilities)</b>	<b>3.869.383</b>	<b>3.854.894</b>
<b>Gearing ratio (excl. Lease liabilities)</b>	<b>40%</b>	<b>38%</b>
Lease liabilities (Note 18)	199.894	-
<b>Net debt (incl. Lease liabilities)</b>	<b>1.742.704</b>	<b>1.460.163</b>
<b>Total Capital Employed (incl. Lease liabilities)</b>	<b>4.069.277</b>	<b>3.854.894</b>
<b>Gearing ratio (incl. Lease liabilities)</b>	<b>43%</b>	<b>38%</b>

### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).



- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019:

	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Derivatives used for hedging	-	3.474	-	3.474
Investment in equity instruments	1.356	-	-	1.356
Assets held for sale	2.520	-	-	2.520
	<b>3.876</b>	<b>3.474</b>	-	<b>7.350</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	-	-	-
	-	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Derivatives used for hedging	-	-	-	-
Investment in equity instruments	634	-	-	634
Assets held for sale	3.133	-	-	3.133
	<b>3.767</b>	-	-	<b>3.767</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	16.387	-	16.387
	-	<b>16.387</b>	-	<b>16.387</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

There were no changes in valuation techniques during the year. For the years ended 31 December 2019 and 31 December 2018, there were no transfers between levels.

The fair value of Euro denominated Eurobonds as at 31 December 2019 was €718 million (31 December 2018: €797 million), compared to its book value of €692 million (31 December 2018: €765 million). The fair value of the remaining borrowings approximates their carrying value. The fair values of borrowings are within level 2 of the fair value hierarchy.

The fair value of the following financial assets and liabilities approximate their carrying amount, due to their short term nature:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

## **4 Critical accounting estimates and judgements**

Estimates and judgements are continuously evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **(i) Critical accounting estimates and assumptions**

#### *(a) Income taxes*

The Group is subject to periodic audits by local tax authorities in various jurisdictions and the assessment process for determining the Group's current and deferred tax balances is complex and involves high degree of estimation and judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, the Group management takes into account past experience with similar cases as well as the advice of tax and legal experts in order to analyze the specific facts and circumstances, interpret the relevant tax legislation, assess other similar positions taken by the tax authorities to form a view about whether its tax treatments will be accepted by the tax authorities, or whether a provision is needed. Where the Group is required to make payments in order to appeal against positions of tax authorities and the Group assesses that it is more probable than not to win its appeal, the respective payments are recorded as assets as these advance payments will be returned to the Group, if the Group's position is upheld. In case the Group determines a provision is needed for the outcome of the uncertain tax position, any amounts already paid are deducted from the said provision.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *(b) Recoverability of deferred tax assets*

Deferred tax assets include certain amounts which relate to carried forward tax losses. In most cases, depending on the jurisdiction in which such tax losses have arisen, such tax losses are available for set off for a limited period of time since they are incurred. The Group makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for each relevant entity.

#### *(c) Provision for environmental restoration*

The Group operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Group to incur restoration costs to

comply with the regulations in the various jurisdictions in which the Group operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Group together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Group's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Group's statement of comprehensive income is impacted.

*(d) Estimates in value-in-use calculations*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount of a cash-generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. These growth rates are consistent with forecasts included in country or industry reports specific to the country and industry in which each CGU operates. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Notes: 6. for Property, Plant and Equipment, 8. for Goodwill, 9. for Investments in Associates and Joint Ventures.

*(e) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and certain investments in equity instruments) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

*(f) Provision for expected credit losses of receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on the Group's historical credit loss experience calibrated to adjust the historical credit loss experience with forward-looking information specific to the debtors and the economic environment. At each year end, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed credit losses, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

*(g) Retirement Benefit Obligations*

The present value of the pension obligations for the Group's defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate and salary rate increases. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency and jurisdiction in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

*(h) Depreciation of property, plant and equipment*

The Group periodically assesses the useful lives of its property, plant and equipment to determine whether the original estimated lives continue to be appropriate. To this respect, the Group may obtain technical studies and use external sources to determine the lives of its assets, which can vary depending on a variety of factors such as technological innovation and maintenance programs.

**(ii) Critical judgements in applying the Group's accounting policies**

*(a) Impairment of non-current assets and investments in associates and joint ventures*

The Group assesses at each reporting date, whether indicators for impairment exist for its non-financial assets (note 2.11) and its investments in associates and joint ventures. The assessment includes both external and internal factors which include inter-alia, significant changes with an adverse effect in the regulatory or technological environment or evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be worse than expected. If any indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the cash generating units at which the respective assets are tested.

*(b) Provisions for legal claims*

The Group has a number of legal claims pending against it (Note 33). Management uses its judgement as well as the available information from the Group legal department, in order to assess the likely outcome of these claims and if it is more likely than not that the Group will lose a claim, then a provision is recognized. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period (Note 33).

*(c) Determination of lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate). Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## **5 Segment information**

All critical operating decisions are made by the Group's Executive Committee, which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations. Information provided to the committee is measured in a manner consistent with that of the financial statements.

The Group's key operating segments are:

**a) Refining, Supply and Wholesale Trading (Refining)**

- Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m<sup>3</sup> of crude oil and petroleum products.
- International activities refer to the OKTA facility, which is located in Skopje and is connected to Thessaloniki refinery through a pipeline for the transportation of high value-added products (e.g. diesel). The pipeline has not been operational since 2013 and is expecting to commence operation during 2021.

**b) Marketing**

- Activities in Greece: The Group, through its subsidiary HFL S.A., possesses an extensive fuel supply network in the country via the EKO and BP brand names, which includes a total of 1.722 petrol stations, 244 of which are company-operated.
- International activities: The Group operates through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and North Macedonia, with a total network of 311 petrol stations.

**c) Exploration and Production of Hydrocarbons**

The Group is engaged in the exploration and production of hydrocarbons in several areas in Greece, (either through full control or in partnership with other oil & gas companies), including the sea of Thrace in the North Aegean, the offshore block of Patraikos Gulf (West), the two onshore areas of "Arta-Preveza" and "NW Peloponnese", the offshore Block 2 west of Corfu Island, the offshore West Crete & Southwest Crete areas, the offshore area Western Greece in the Ionian Block and the Kyparissiakos gulf (Block 10). An offer has also been submitted for North Corfu (Block 1).

**d) Petro-chemicals**

Petrochemical activities mainly focus on the production and marketing of polypropylene, BOPP films and solvents, as well as the trading of imported plastics and chemicals. The polypropylene production plant in Thessaloniki mainly receives propylene produced in the Aspropyrgos refinery. Part of the production of the produced polypropylene is the raw material used in the BOPP film production unit in Komotini.

**e) Gas and Power**

- Natural Gas: The Group is active in the natural gas sector through its 35% participation in DEPA S.A., (the remaining 65% is held by the Hellenic Republic Asset Development Fund - HRADF). The DEPA Group is active in the wholesale trading, supply and distribution of natural gas in Greece. DEPA also participates in international gas transportation projects.
- Power: The Group is active in the production, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V. (the remaining 50% is held by EDISON International). Elpedison B.V. owns 100% of the share capital of Elpedison S.A..

**f) Other**

"Other Segments" include Group entities which provide treasury, consulting and engineering services.

More information about the activities of the Group's key operating segments, as described above, can be found in the Group's Annual Report.

**Hellenic Petroleum S.A.**  
Consolidated Financial Statements in accordance with IFRS  
for the year ended 31 December 2019  
(All amounts in Euro thousands unless otherwise stated)

Financial information regarding the Group's operating segments for the years ended 31 December 2019 and 31 December 2018 is presented below:

	For the year ended 31 December 2019						Total
	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	
Gross Sales	7.754.000	3.258.007	(0)	299.268	3.722	13.933	11.328.930
Inter-segmental Sales	(2.452.144)	(6.610)	(0)	(0)	(22)	(13.189)	(2.471.964)
<b>Revenue from contracts with customers</b>	<b>5.301.856</b>	<b>3.251.397</b>	<b>(0)</b>	<b>299.268</b>	<b>3.700</b>	<b>744</b>	<b>8.856.965</b>
<b>EBITDA</b>	<b>360.463</b>	<b>133.268</b>	<b>(9.497)</b>	<b>92.444</b>	<b>2.391</b>	<b>(5.303)</b>	<b>573.767</b>
Depreciation & Amortisation (PPE & Intangibles)	(149.651)	(35.468)	(761)	(6.189)	(1.101)	(549)	(193.719)
Depreciation of Right-of-Use assets (*)	(6.528)	(33.032)	(36)	(409)	(10)	912	(39.103)
<b>Operating profit / (loss)</b>	<b>204.284</b>	<b>64.768</b>	<b>(10.294)</b>	<b>85.845</b>	<b>1.280</b>	<b>(4.940)</b>	<b>340.944</b>
Currency exchange gains/ (losses)	(955)	(283)	(17)	-	-	-	(1.255)
Share of profit/(loss) of investments in associates & joint ventures	2.445	425	-	-	14.988	4	17.862
Finance (expense)/income - net	(50.075)	(14.357)	-	25	(317)	(75.735)	(140.460)
Lease finance cost (*)	(957)	(9.186)	(4)	(23)	(3)	92	(10.081)
<b>Profit / (loss) before income tax</b>	<b>154.741</b>	<b>41.367</b>	<b>(10.315)</b>	<b>85.847</b>	<b>15.948</b>	<b>(80.579)</b>	<b>207.010</b>
Income tax expense							(43.434)
<b>Profit for the period</b>							<b>163.576</b>
(Profit) attributable to non-controlling interests							(2.778)
<b>Profit for the period attributable to the owners of the parent</b>							<b>160.798</b>

(\*) Comparability to figures as of 31 December 2018 is affected due to the adoption of IFRS 16 as of 1 January 2019 (Note 2).

	For the year ended 31 December 2018						Total
	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	
Gross Sales	8.681.579	3.329.400	-	314.716	2.793	15.039	12.343.527
Inter-segmental Sales	(2.555.150)	(7.386)	(0)	(0)	(11)	(11.825)	(2.574.372)
<b>Revenue from contracts with customers</b>	<b>6.126.429</b>	<b>3.322.014</b>	<b>(0)</b>	<b>314.716</b>	<b>2.782</b>	<b>3.214</b>	<b>9.769.155</b>
<b>EBITDA</b>	<b>555.703</b>	<b>81.081</b>	<b>(8.155)</b>	<b>84.949</b>	<b>1.982</b>	<b>(4.164)</b>	<b>711.395</b>
Depreciation & Amortisation	(144.560)	(45.305)	(1.240)	(4.482)	(817)	(779)	(197.183)
<b>Operating profit / (loss)</b>	<b>411.143</b>	<b>35.776</b>	<b>(9.397)</b>	<b>80.467</b>	<b>1.165</b>	<b>(4.943)</b>	<b>514.212</b>
Currency exchange gains/ (losses)	2.149	49	(4)	-	-	-	2.194
Share of profit/(loss) of investments in associates & joint ventures	3.731	(240)	-	-	(6.684)	1.422	(1.771)
Finance (expense)/income - net	(92.694)	(17.765)	-	35	(173)	(35.108)	(145.705)
<b>Profit / (loss) before income tax</b>	<b>324.329</b>	<b>17.821</b>	<b>(9.401)</b>	<b>80.502</b>	<b>(5.692)</b>	<b>(38.629)</b>	<b>368.930</b>
Income tax expense							(154.218)
<b>Profit for the period</b>							<b>214.712</b>
(Profit) attributable to non-controlling interests							(3.098)
<b>Profit for the period attributable to the owners of the parent</b>							<b>211.614</b>

Inter-segment sales primarily relate to sales from the refining segment to the other operating segments.

There were no changes in the basis of segmentation or in the basis of measurement of segmental profit or loss, as compared to the consolidated annual financial statements for the year ended 31 December 2018.

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for the year ended 31 December 2019  
*(All amounts in Euro thousands unless otherwise stated)*

An analysis of the Group's revenue from contracts with customers by type of market (domestic, aviation & bunkering, exports and international activities) and business unit is presented below:

For the year ended 31 December 2019						
Revenue from contracts with customers	Refining	Marketing	Petro-chemicals	Gas & Power	Other	Total
Domestic	1.115.470	1.651.195	105.829	3.700	543	2.876.736
Aviation & Bunkering	628.479	732.823	-	-	-	1.361.302
Exports	3.109.072	30.531	193.439	-	201	3.333.243
International activities	448.836	836.847	-	-	-	1.285.683
<b>Total</b>	<b>5.301.857</b>	<b>3.251.397</b>	<b>299.269</b>	<b>3.700</b>	<b>744</b>	<b>8.856.965</b>

For the year ended 31 December 2018						
Revenue from contracts with customers	Refining	Marketing	Petro-chemicals	Gas & Power	Other	Total
Domestic	1.161.580	1.639.422	118.391	2.782	2.690	2.924.865
Aviation & Bunkering	569.724	819.117	-	-	-	1.388.841
Exports	3.949.874	27.098	196.325	-	524	4.173.821
International activities	445.251	836.377	-	-	-	1.281.628
<b>Total</b>	<b>6.126.429</b>	<b>3.322.014</b>	<b>314.716</b>	<b>2.782</b>	<b>3.214</b>	<b>9.769.155</b>

The segment assets and liabilities at 31 December 2019 and 2018 are as follows:

	As at	
	31 December 2019	31 December 2018
<b>Total Assets</b>		
Refining	4.981.990	5.072.907
Marketing	1.354.643	1.174.367
Exploration & Production	23.812	16.455
Petro-chemicals	416.401	359.703
Gas & Power	402.240	413.642
Other Segments	1.894.438	1.861.751
Inter-Segment	(1.960.462)	(1.901.397)
<b>Total</b>	<b>7.113.062</b>	<b>6.997.429</b>
<b>Total Liabilities</b>		
Refining	2.884.618	3.090.505
Marketing	752.931	593.052
Exploration & Production	22.099	19.530
Petro-chemicals	2.275	(310)
Gas & Power	8.350	10.788
Other Segments	1.976.611	1.820.412
Inter-Segment	(855.710)	(931.279)
<b>Total</b>	<b>4.791.175</b>	<b>4.602.698</b>

“Other Segments” include Group entities which provide treasury, consulting and engineering services.

There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the consolidated annual financial statements for the year ended 31 December 2018.

## 6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Transportation means	Furniture and fixtures	Assets Under Construction	Total
<b>Cost</b>							
<b>As at 1 January 2018</b>	<b>312.868</b>	<b>909.409</b>	<b>4.708.733</b>	<b>96.556</b>	<b>181.388</b>	<b>102.131</b>	<b>6.311.085</b>
Additions	1.049	3.129	20.679	2.117	11.100	111.061	149.135
Capitalised projects	2.151	15.584	98.513	159	1.178	(117.585)	-
Disposals	(71)	(3.069)	(9.792)	(6.560)	(1.025)	(10)	(20.527)
Impairment/Write off	(1.096)	(2.487)	(1.320)	(76)	(116)	(1.594)	(6.689)
Currency translation differences	59	98	(8)	-	-	1	150
Transfers and other movements	-	(4.366)	3.538	123	1.225	(1.861)	(1.341)
<b>As at 31 December 2018</b>	<b>314.960</b>	<b>918.298</b>	<b>4.820.343</b>	<b>92.319</b>	<b>193.750</b>	<b>92.143</b>	<b>6.431.813</b>
<b>Accumulated Depreciation and impairment</b>							
<b>As at 1 January 2018</b>	-	<b>467.548</b>	<b>2.319.571</b>	<b>61.948</b>	<b>150.125</b>	-	<b>2.999.192</b>
Charge for the year	-	29.207	141.306	7.783	8.821	-	187.117
Disposals	-	(3.050)	(9.746)	(6.558)	(1.018)	-	(20.372)
Impairment/Write off	-	(1.888)	(1.092)	(74)	(196)	-	(3.250)
Currency translation differences	-	9	31	-	1	-	41
Transfers and other movements	-	(2.275)	2.494	123	(185)	-	157
<b>As at 31 December 2018</b>	-	<b>489.551</b>	<b>2.452.564</b>	<b>63.222</b>	<b>157.548</b>	-	<b>3.162.885</b>
<b>Net Book Value at 31 December 2018</b>	<b>314.960</b>	<b>428.747</b>	<b>2.367.779</b>	<b>29.097</b>	<b>36.202</b>	<b>92.143</b>	<b>3.268.928</b>
<b>Cost</b>							
<b>As at 1 January 2019</b>	<b>314.960</b>	<b>918.298</b>	<b>4.820.343</b>	<b>92.319</b>	<b>193.750</b>	<b>92.143</b>	<b>6.431.813</b>
Additions	1.739	4.421	20.820	878	10.148	192.840	230.846
Capitalised projects	-	9.298	115.612	436	1.300	(126.646)	-
Disposals	(96)	(1.433)	(9.726)	(9.144)	(1.467)	-	(21.866)
Impairment/ Write off	(2.949)	(3.436)	(1.951)	(42)	(197)	(1.308)	(9.883)
Currency translation differences	115	55	34	-	1	(2)	203
Transfers and other movements	(4.943)	(2.688)	2.395	3.025	(853)	(8.451)	(11.515)
<b>As at 31 December 2019</b>	<b>308.826</b>	<b>924.515</b>	<b>4.947.527</b>	<b>87.472</b>	<b>202.682</b>	<b>148.576</b>	<b>6.619.598</b>
<b>Accumulated Depreciation and impairment</b>							
<b>As at 1 January 2019</b>	-	<b>489.551</b>	<b>2.452.564</b>	<b>63.222</b>	<b>157.548</b>	-	<b>3.162.885</b>
Charge for the year	-	26.020	147.949	3.635	9.540	-	187.144
Disposals	-	(1.216)	(9.311)	(8.278)	(1.413)	-	(20.218)
Impairment/Write off	-	(3.375)	(1.933)	(42)	(197)	-	(5.547)
Currency translation differences	-	15	17	-	-	-	32
Transfers and other movements	-	(1.809)	(734)	886	(709)	-	(2.366)
<b>As at 31 December 2019</b>	-	<b>509.186</b>	<b>2.588.552</b>	<b>59.423</b>	<b>164.769</b>	-	<b>3.321.930</b>
<b>Net Book Value at 31 December 2019</b>	<b>308.826</b>	<b>415.329</b>	<b>2.358.975</b>	<b>28.049</b>	<b>37.913</b>	<b>148.576</b>	<b>3.297.668</b>

- (1) The Group has not pledged any property, plant and equipment as security for borrowings.
- (2) Additions are mainly comprised of capital expenditure in the refining segment that relate to projects of long-term maintenance and upgrades of the refining units. These amounts are mainly included in assets under construction and are reclassified into the relevant asset class when the projects are completed.
- (3) During 2019 an amount of €2,8 million (2018: €2,5 million) in respect of interest has been capitalised within Assets Under Construction relating to the refining segment, at an average borrowing rate of 4,16% (2018: 5,11%).
- (4) Gains or losses from disposals are included within "Other income / (expenses) and other gains / (losses) (Note 26).
- (5) 'Transfers and other movements' primarily comprise the transfer of finance leases balances (Cost of € 10,4 million and Accumulated Depreciation of € 4,1 million) to right-of-use assets upon the implementation of the IFRS 16 as from 1 January 2019. Furthermore, 'Transfers and other movements' also include the transfer of computer software development costs to intangible assets and the transfer of spare parts for the refinery units between inventories and fixed assets.
- (6) "Impairment/write offs" for the year ended 31 December 2019, include write offs of assets both from cost and accumulated depreciation, as well as an impairment charge of €3,1 million related to the write down of land and buildings to their recoverable amount, based on their fair value. These assets are included in the



marketing segment and relate to HFL SA (€1,5 million) and EKO Bulgaria (€1,6 million). The impairment charge is included in “Other operating expenses/income - net” in the income statement.

- (7) Plant and machinery include inter alia the carrying value (€66 million) of the pipeline connecting Thessaloniki and Skopje, which is an asset of the Group’s subsidiary Vardax S.A.. The asset has not been operational since 2013 and this was considered an indication of possible impairment. Management carried out an impairment test according to the requirements of IAS 36. The analysis was carried out by identifying the recoverable amount (“value in use”) of the asset through the application of the discounted cash flow valuation method. The impairment test was carried out using the following main assumptions as of 31 December 2019: WACC of 5,27%, Growth 2%, Year of expected commencement of operation Q2 of 2021. In its analysis the Group has assumed an extension of the useful life of the pipeline following its operation which is equivalent to the number of years that it was not operational. Based on this impairment test, the Group concluded that the carrying amount of the asset is recoverable and consequently no impairment charge was recorded.

The value in use measurement is most sensitive to the timing of reoperation of the pipeline; however, Group management believes that it is feasible for the useful life to be extended for the years of non-operation which will be confirmed following reoperation of the pipeline.

The Group estimated the impact on the recoverable amount if certain key assumptions used in the application of the discounted cash flow valuation method varied with all other variables held constant as follows:

<b>Key assumption tested</b>	<b>Change in assumption</b>	<b>Impact in value in use</b>
WACC	+0,5%	(6,4%)
Growth	(0,5%)	(4,6%)
Year of operation	+ 2 years delay	(11,2%)
Tarif	(5,9%)	(8,7%)

In all sensitivity analysis’ scenarios, based on the above assumptions and the extension of the useful life, the carrying amount of the asset is recoverable.

- (8) Depreciation expense of Property, plant and equipment of €187,1 million (2018: €187,1 million), depreciation expense of right-of-use assets of €39,1 million (2018: €0 million) and amortisation expense of €6,6 million (2018: €10,1 million) are allocated in the following lines of the Consolidated Statement of Comprehensive Income:
- Cost of Sales €146 million (2018: €137,7 million),
  - Selling and distribution expenses €72,7 million (2018: €50,3 million),
  - Administration expenses €14,1 million (2018: €9,2 million).

## 7 Right-of-use assets

	Petrol station properties	Commercial Properties	Plant & Machinery	Motor Vehicles	Total
<b>Cost</b>					
<b>As at 1 January 2019</b>	<b>199.890</b>	<b>22.419</b>	<b>6.325</b>	<b>6.275</b>	<b>234.909</b>
Additions	14.007	1.177	2.927	12.997	31.108
Derecognition	(514)	-	-	(18)	(531)
Impairment/ Write off	(1.252)	-	-	-	(1.252)
Modification	7.811	7.724	(343)	6.457	21.649
Currency translation effects	28	-	-	3	31
<b>As at 31 December 2019</b>	<b>219.969</b>	<b>31.321</b>	<b>8.909</b>	<b>25.714</b>	<b>285.913</b>
<b>Accumulated Depreciation</b>					
<b>As at 1 January 2019</b>	<b>4.061</b>	-	-	-	<b>4.061</b>
Charge for the period	27.678	5.907	1.150	4.368	39.103
Impairment/ Write off	(80)	-	-	-	(80)
Modification	(82)	(21)	-	(2)	(104)
<b>As at 31 December 2019</b>	<b>31.576</b>	<b>5.887</b>	<b>1.150</b>	<b>4.366</b>	<b>42.979</b>
<b>Net Book Value at 31 December 2019</b>	<b>188.393</b>	<b>25.434</b>	<b>7.759</b>	<b>21.348</b>	<b>242.934</b>

The Group leases a variety of assets in the course of its activities. Through the marketing segment the Group enters into lease agreements whereby it leases land on which it constructs petrol stations. Furthermore, the Group leases operational petrol stations, large complexes which may include other commercial properties such as highway service stations.

The opening balance includes petrol stations properties usage rights, which were transferred from intangible assets category where they were presented up to 31 December 2018, before the application of IFRS 16. Retail Service Stations Usage rights represent upfront lump-sum amounts paid upon the signing of agreements to owners of such retail sites for the use and control of the service stations. They are amortised over the life of the acquired right which usually ranges from 5 to 25 years. The net book value of the opening balance transferred is €9,9 million. The opening balance also includes an amount of €6,4 million which relates to finance leases for petrol stations of EKO Bulgaria and were transferred from property, plant and equipment category to right-of-use assets from 1 January 2019, upon application of IFRS 16.

Part of the Group's operations require the use of coastal zones. The Group has entered into an Agreement with the State for the use of coastal zones in certain areas. There are however other areas, where the Group uses coastal zones, and for which no agreement exists. The State may periodically issue a notice for compensation for the use of the coastal zones for these areas. Upon adoption of IFRS 16, the Group concluded that the use of coastal zones could meet the criteria of an identified asset under IFRS 16, where an Agreement exists. Where the terms of use by the Greek state are determinable from the Agreement, the Group recognizes a right of use asset within commercial properties and a lease liability representing its obligation to make payments. For instances where the Group uses coastal zones without an Agreement, the Group considers that the arrangement does not constitute a lease and provides for compensation for the use of the coast based on the most recently received notice. For the twelve-month period to 31 December 2019, this is estimated at € 720 thousand and is included in current liabilities.

Furthermore, the Group operates a number of underground pipelines within the boundaries of various municipalities, in accordance with relevant laws. As described in note 33 of these financial statements, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The group has appealed against such amounts imposed as described in the note and does not consider that any of these fall within the scope of IFRS 16.

## 8 Intangible assets

	Goodwill	Retail Service Stations Usage Rights	Computer software	Licences & Rights	Other	Total
<b>Cost</b>						
<b>As at 1 January 2018</b>	<b>133.914</b>	<b>51.241</b>	<b>111.527</b>	<b>38.075</b>	<b>74.603</b>	<b>409.360</b>
Additions	-	2.723	2.309	3.691	123	8.846
Disposals	-	-	(3)	(241)	-	(244)
Impairment	-	(106)	-	(1.654)	-	(1.760)
Currency translation effects	-	-	3	-	10	13
Other movements	-	-	1.156	(1.064)	70	162
<b>As at 31 December 2018</b>	<b>133.914</b>	<b>53.858</b>	<b>114.992</b>	<b>38.807</b>	<b>74.806</b>	<b>416.377</b>
<b>Accumulated Amortisation</b>						
<b>As at 1 January 2018</b>	<b>71.829</b>	<b>34.834</b>	<b>101.407</b>	<b>31.224</b>	<b>64.382</b>	<b>303.676</b>
Charge for the year	-	2.973	5.815	1.252	26	10.066
Disposals	-	-	(3)	(241)	-	(244)
Impairment	-	(106)	-	(1.359)	-	(1.465)
Currency translation effects	-	-	-	-	-	-
Other movements	-	-	(39)	(1.187)	(47)	(1.273)
<b>As at 31 December 2018</b>	<b>71.829</b>	<b>37.701</b>	<b>107.180</b>	<b>29.689</b>	<b>64.361</b>	<b>310.760</b>
<b>Net Book Value at 31 December 2018</b>	<b>62.085</b>	<b>16.157</b>	<b>7.812</b>	<b>9.118</b>	<b>10.445</b>	<b>105.617</b>
<b>Cost</b>						
<b>As at 1 January 2019</b>	<b>133.914</b>	<b>53.858</b>	<b>114.992</b>	<b>38.807</b>	<b>74.806</b>	<b>416.377</b>
Additions	4.674	1.070	2.918	1.437	100	10.199
Disposals	-	-	(62)	-	-	(62)
Impairment	-	-	(7)	(27)	(439)	(473)
Currency translation effects	-	-	-	-	22	22
Other movements	-	(47.935)	5.563	5	107	(42.260)
<b>As at 31 December 2019</b>	<b>138.588</b>	<b>6.993</b>	<b>123.404</b>	<b>40.222</b>	<b>74.596</b>	<b>383.803</b>
<b>Accumulated Amortisation</b>						
<b>As at 1 January 2019</b>	<b>71.829</b>	<b>37.701</b>	<b>107.180</b>	<b>29.689</b>	<b>64.361</b>	<b>310.760</b>
Charge for the year	-	-	5.239	883	453	6.575
Disposals	-	-	(62)	-	-	(62)
Impairment	-	-	(7)	(8)	(189)	(204)
Currency translation effects	-	-	(1)	-	-	(1)
Other movements	-	(37.701)	-	10	-	(37.691)
<b>As at 31 December 2019</b>	<b>71.829</b>	<b>-</b>	<b>112.349</b>	<b>30.574</b>	<b>64.625</b>	<b>279.377</b>
<b>Net Book Value at 31 December 2019</b>	<b>66.759</b>	<b>6.993</b>	<b>11.055</b>	<b>9.648</b>	<b>9.971</b>	<b>104.426</b>

- (1) The majority of the remaining balance of goodwill as at 31 December 2019 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd in 2003 which is treated in line with the accounting policy in Note 2.9. Goodwill was tested for impairment as at 31 December 2019 using the value-in-use model. This calculation used cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 1% that reflects the forecasts in line with management beliefs, based on GDP growth projections. Management determined annual volume growth rate and gross margins based on past performance and expectations for the market development. The discount rate used was 4,39% which reflects the specific risks relating to operations. The results of the model show that the valuation covers the carrying amount of the goodwill, which amounts to €67 million as of 31 December 2019.

A sensitivity analysis was performed to the key assumptions used in the model (discount rates and perpetuity growth rates), in order to stress test the adequacy of the valuation headroom. It is estimated that at 31 December 2019 if the free cash flow growth rate of Hellenic Petroleum Cyprus Ltd used in the impairment test was lower by 0,5% with all other variables held constant, the Equity Value of the company would have been lower by 11,27%. In addition, if the future WACC was higher by 0,5% with all other variables held

constant, the Equity Value of the company would have been lower by 12,86%. The sensitivity analysis resulted in recoverable values well in excess of the carrying value.

Goodwill addition of € 4,7 million relates to acquisition of a subsidiary (Note 36).

- (2) Other intangible assets include the right of indefinite use of land in Serbia and Montenegro, where under certain circumstances the local legal framework did not allow outright ownership of land. The balance represent upfront lump-sum payments in the case of Serbia and in the case of Montenegro the purchase price allocation of land upon acquisition of the Group's subsidiary in Montenegro. The legal title of the land was subsequently contested by the local authorities in both countries without however recalling the right of the entities to make use of the land and buildings located on it.
- (3) 'Licenses and Rights' include net exploration license costs relating to the exploration & production hydrocarbons' concessions in Greece
- (4) 'Other movements' include completed IT software projects capitalised during 2019 and thus transferred from assets under construction. These projects are monitored within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use.

## 9 Investments in associates and joint ventures

	As at	
	31 December 2019	31 December 2018
<b>Beginning of the Year</b>	<b>390.091</b>	<b>701.635</b>
Change in accounting policy (IFRS 9)	-	(1.750)
Dividend income	(30.490)	(307.735)
Share of profit/ (loss) of investments in associates & joint ventures	17.862	(1.771)
Share of other comprehensive income/ (loss) of investments in associates	(188)	(288)
Acquisition of the non controlling interest in Elpedison SA (net of impairment - Note 9)	7.519	-
Share capital increase / (decrease)	(50)	-
Other movements	3	-
<b>End of the year</b>	<b>384.747</b>	<b>390.091</b>

### a) Joint Ventures

The Group is active in power generation, trading and supply in Greece through its 50% shareholding in Elpedison B.V., a joint venture entity with EDISON International. The Group accounts for Elpedison B.V. using the equity method and as such, the Group's 50% share of the consolidated results of Elpedison B.V. appear under "Share of profit of investments in associates and joint ventures" and its 50% share of net assets under "Investment in associates and joint ventures".

#### Acquisition of non-controlling interest in ELPEDISON SA

On 26 July 2019, ELPEDISON BV acquired all the shares held by minority shareholders in Elpedison SA and which represent 24,22% of Elpedison SA's share capital and currently owns 100% of the shares in ELPEDISON SA. Total consideration for the acquisition of the shares amounted to €20 million (Note 36). The acquisition was financed through a share capital increase in ELPEDISON BV (Hellep Group's share was 10 million).

As at 26 July 2019, the non-controlling interests in the financial statements of Elpedison B.V. stood at €15,038 million. Therefore, the acquisition of the non-controlling interests by Elpedison B.V. resulted in a decrease in total equity attributable to the owners of €4,962 million. As at 31 December 2019, the Group's share of the decrease amounting to €2,481 million is included in Retained Earnings.

Given the materiality of this activity for the Group, the table below summarises the key financials of the Elpedison B.V. Group, which consolidates its 100% holding in Elpedison S.A.

**Hellenic Petroleum S.A.**  
Consolidated Financial Statements in accordance with IFRS  
for the year ended 31 December 2019  
(All amounts in Euro thousands unless otherwise stated)

<b>Elpedison B.V. Group</b>	As at	
	31 December 2019	31 December 2018
<b><u>Statement of Financial Position</u></b>		
Non-Current Assets	252.917	255.354
Cash and Cash Equivalents	13.377	17.044
Other Current Assets	145.151	115.321
<b>Total Assets</b>	<b>411.445</b>	<b>387.719</b>
<b>Equity</b>	<b>57.957</b>	<b>71.707</b>
Long Term Borrowings	183.474	198.950
Other Non-Current Liabilities	29.317	27.303
Short Term Borrowings	15.416	7.416
Other Current Liabilities	125.281	82.343
<b>Total Liabilities</b>	<b>353.488</b>	<b>316.012</b>
<b>Total Liabilities and Equity</b>	<b>411.445</b>	<b>387.719</b>
<b>Investment in Elpedison BV as accounted in Helpe Group</b>	<b>37.862</b>	<b>36.021</b>
	As at	
	31 December 2019	31 December 2018
<b><u>Statement of Comprehensive Income</u></b>		
Revenue	626.475	442.855
<b>EBITDA</b>	<b>20.873</b>	<b>22.542</b>
Depreciation & Amortisation	(28.321)	(27.968)
<b>EBIT</b>	<b>(7.448)</b>	<b>(5.426)</b>
Interest Income	401	389
Interest Expense	(8.675)	(12.065)
<b>Loss before Tax</b>	<b>(15.722)</b>	<b>(17.102)</b>
Income Tax	1.515	3.480
<b>Loss after Tax</b>	<b>(14.207)</b>	<b>(13.622)</b>
<b>Share of loss accounted in Helpe Group</b>	<b>(5.831)</b>	<b>(5.177)</b>

In September 2018, Elpedison SA agreed with its Bondholders to refinance its loans amounting to €213,9 million for three years, up to September 2021. The loans are fully guaranteed by the ultimate shareholders of Elpedison S.A., according to their shareholdings in the Company, while they provide for quarterly capital repayments of €3 million on average and mandatory capital prepayments from any proceeds from ADMIE's historical deficit. Additionally, the loans provide for a cash sweep mechanism that will mandatorily repay 50% of the company's excess cash flow on a semiannual basis. The loans outstanding as at 31 December 2019 amounted to €198,89 million.

The Group has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison SA. As at 31 December 2019, the Group's share of the above was €105 million (31 December 2018: €83 million).

#### **Impairment of investment in Elpedison B.V.**

As at 31 December 2019, Elpedison B.V. Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the company. The anticipated future developments in the market and regulatory environment (change in remuneration mechanisms and/or delay of their enforcement, intensification of competition) in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted

Cash Flow Valuation Method. The discount rate applied was 6,8% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company. Based on this impairment test, the Group concluded that the carrying amount of its investment is recoverable and consequently no impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility. Relevant changes in assumptions used e.g. in the future Annual Flexibility Remuneration and in discount rates, could have an impact on the value in use of the assets.

It is estimated that at 31 December 2019 if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 10%. In addition, if the future Annual Flexibility Remuneration was lower by 10% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 14%. In both sensitivity analysis' scenarios, the carrying amount of the Group's investment in Elpedison BV is recoverable.

#### **b) Associates**

The Group exercises significant influence over a number of entities, which are also accounted for using the equity method.

#### **DEPA Group**

The DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. Its shareholders are the Hellenic Republic Assets Development Fund (65%) and HELPE S.A. (35%).

The DEPA Group fully consolidates its 100% shareholding in:

- EDA Attica S.A. (gas Distribution Company for the Attica region),
- EPA Attica S.A. (gas Supply Company for the Attica region), and
- DEDA SA (Administrator of the Natural Gas Medium & Low Pressure Distribution System for areas other than the areas in which EDA Attica S.A. & EDA THESS S.A. are active).

Furthermore, DEPA S.A. has a 51% shareholding in EDA THESS S.A. (gas Distribution Company for the Thessaloniki and Thessalia regions), which it is accounted for using the equity method of accounting. Finally, DEPA S.A. has a 50% shareholding in IGI Poseidon S.A. (Joint Venture between DEPA S.A. and Edison S.p.A.), which is engaged in the development of gas infrastructure projects in South East Europe.

On 20 July 2018, DEPA S.A. sold its 51% shareholding in EPA Thessaloniki-Thessalia S.A. or "Zeniθ" (gas Supply Company for the Thessaloniki and Thessalia regions) to Eni gas e luce S.p.A. (EGL). The results of EPA Thessaloniki-Thessalia S.A. up until the date of sale, were consolidated using the equity method of accounting. Additionally, on 27 November 2018, DEPA S.A. acquired the remaining 49% of EPA Attica S.A. & EDA Attica S.A. (now holds the 100% of both) from Attiki Gas. The results of both companies up until the date of acquisition, were consolidated using the equity method of accounting. Furthermore, the sale of the 100% shareholding of DESFA (Administrator of the Natural Gas High Pressure Transmission System) was finalized during December 2018. The results of DESFA S.A. up until the date of sale, were fully consolidated.

The table below summarizes the key financials of DEPA Group:

<b>Public Natural Gas Corporation of Greece (DEPA)</b>	As at	
	31 December 2019	31 December 2018
<b><u>Statement of Financial Position</u></b>		
Non-Current Assets	955.813	943.137
Cash and Cash Equivalents	295.849	302.363
Other Current Assets	293.331	393.687
<b>Total Assets</b>	<b>1.544.993</b>	<b>1.639.187</b>
<b>Equity</b>	<b>973.777</b>	<b>995.824</b>
Non-Current Liabilities	376.635	377.001
Short Term Borrowings	16.300	14.170
Other Current Liabilities	178.280	252.191
<b>Total Liabilities</b>	<b>571.216</b>	<b>643.362</b>
<b>Total Liabilities and Equity</b>	<b>1.544.993</b>	<b>1.639.187</b>
<b>Investment in DEPA Group as accounted in Helpe Group</b>	<b>340.822</b>	<b>348.498</b>

	As at	
	31 December 2019	31 December 2018
<b><u>Statement of Comprehensive Income</u></b>		
<i>Continuing operations</i>		
Revenue	953.671	927.386
<b>EBITDA</b>	<b>86.460</b>	<b>104.560</b>
Depreciation & Amortisation	(31.281)	(77.123)
<b>Operating Profit</b>	<b>55.179</b>	<b>27.437</b>
Interest Income	14.049	36.464
Interest Expense	(1.898)	(20.509)
<b>Profit before Tax</b>	<b>76.216</b>	<b>130.496</b>
Income Tax	(16.847)	(20.250)
<b>Profit from continuing operations</b>	<b>59.368</b>	<b>110.246</b>
<i>Discontinued operations</i>		
<b>Loss from discontinued operations</b>	<b>-</b>	<b>(114.445)</b>
<b>Total Profit/ (Loss) After Tax</b>	<b>59.368</b>	<b>(4.199)</b>
<b>Other comprehensive loss</b>	<b>(537)</b>	<b>(825)</b>
<b>Total Comprehensive Income/ (Loss)</b>	<b>58.831</b>	<b>(5.024)</b>
<b>Share of profit/ (loss) accounted in Helpe Group</b>	<b>20.819</b>	<b>(1.507)</b>
<b>Share of other comprehensive loss accounted in Helpe Group</b>	<b>(188)</b>	<b>(289)</b>

In 2019, the Group received cash dividends of €28 million from the DEPA Group (2018: €307 million – From this, €23 million related to the results of 2017 and €284 million related to the proceeds from the sale of DESFA).

The Group consolidates the DEPA Group using the equity method of accounting and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2019 amounts to €341 million (31 December 2018: €348 million). The cost of investment of the DEPA group in the financial statements of HELPE S.A is €237 million.

## Other associates

The Group's subsidiary company, Hellenic Petroleum International AG, participates in the shareholding of DMEP Holdco Ltd (48% shareholding). DMEP HoldCo Ltd is incorporated in the UK and ultimately owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 142 kMT (31 December 2018: 114 kMT), at a fee calculated in line with the legal framework.

An analysis of the financial position and results of the Group's major associates is set out below:

	% interest held	Investment	Assets	As at 31 December 2019		
				Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	1.029	5.506	4.231	8.262	3.794
ELPE THRAKI	25%	2	9	1	-	17
Athens Airport Fuel Pipeline Company S.A.	50%	4.509	12.234	3.175	4.358	1.504
DMEP Holdco	48%	523	74.021	120.507	40.279	1.137
	% interest held	Investment	Assets	As at 31 December 2018		
				Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	1.640	5.106	3.806	7.718	3.544
ELPE THRAKI	25%	(2)	7	16	-	(13)
Athens Airport Fuel Pipeline Company S.A.	50%	5.125	13.812	3.605	4.409	1.482
DMEP Holdco	48%	(1.191)	85.759	85.808	52.964	1.108
			<b>390.091</b>			-

There are no contingent liabilities or commitments in relation to the group's interest in its associates.

## c) Joint operations

The Group participates in the following joint operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Edison International SpA (50%), HELPE Patraikos SA (50%) - Greece, Patraikos Gulf
- Calfrac Well Services Ltd (75%), HELPE Sea of Thrace SA (25%) - Greece, Sea of Thrace concession
- Total E&P Greece B.V. (50%), Edison International S.p.A (25%), HELPE West Kerkyra SA (25%) - Greece, Block 2, West of Corfu Island.
- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. (40%), HELPE SA (20%) - Greece, Block West Crete.
- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. (40%), HELPE SA (20%) - Greece, Block South West Crete.
- Repsol Exploracion (50%), HELPE SA (50%) - Greece, Block Ionian.

The jointly controlled operations are still on a research phase and do not contribute to the Group's revenue.

## 10 Loans, advances & long term assets

	As at	
	31 December 2019	31 December 2018
Loans and advances	19.884	38.668
Other long term assets	35.554	35.254
<b>Total</b>	<b>55.438</b>	<b>73.922</b>



Loans and advances are primarily comprised of payments advanced to secure the long term retail network which are amortised over the remaining life of the respective contracts of the petrol station locations.

Other long term assets include merchandise credit extended to third parties as part of the operation of the marketing segment and are non-interest bearing. They also include trade receivables due in more than one year as a result of settlement arrangements.

The balances included in the above categories as at 31 December 2019, relating to merchandise credit and non-interest bearing settlement arrangements, are discounted at a weighted average rate of 6% (2018: 6%) over their respective lives.

## 11 Inventories

	As at	
	31 December 2019	31 December 2018
Crude oil	331.819	328.482
Refined products and semi-finished products	587.398	572.461
Petrochemicals	25.554	24.400
Consumable materials and other spare parts	98.571	97.518
- Less: Provision for consumables and spare parts	(30.540)	(29.830)
<b>Total</b>	<b>1.012.802</b>	<b>993.031</b>

Under IEA and EU regulations, Greece is obliged to hold crude oil and refined product stocks in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. This responsibility is passed on to all companies, including Hellenic Petroleum S.A., which import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €7,5 billion (2018: €8,2 billion). The Group has reported a loss of €2,1 million as at 31 December 2019 arising from inventory valuation which is reflected in a write-down of the year end values (2018 – €32,4 million). This was recognised as an expense in the year ended 31 December 2019 and included in ‘Cost of Sales’ in the statement of comprehensive income. Overall for 2019, management has estimated that the impact on the results of the Group from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €24 million (2018: positive impact of €48 million).

In addition, as at 31 December 2019, an amount of €1,2 million relating to spare parts for the refinery units, has been transferred from fixed assets to inventories (December 2018: €5,2 million transfer from inventories to fixed assets -see Note 6).

## 12 Trade and other receivables

	As at	
	31 December 2019	31 December 2018
Trade receivables	748.181	756.135
- Less: Provision for impairment of receivables	(255.023)	(262.133)
<b>Trade receivables net</b>	<b>493.158</b>	<b>494.002</b>
Other receivables	275.695	296.339
- Less: Provision for impairment of receivables	(44.120)	(42.304)
<b>Other receivables net</b>	<b>231.575</b>	<b>254.035</b>
Derivatives used for hedging (Note 23)	3.474	-
Deferred charges and prepayments	23.420	28.450
<b>Total</b>	<b>748.153</b>	<b>776.487</b>

*Restatement:* The other receivables balance as at 31 December 2018 has been restated by €1,2 million reclassified from cash and cash equivalents (Note 13), €3,8 million reclassified from long-term provisions in provisions for impairment of trade receivables and for €37,9 million reclassified from other receivables to income tax receivable.

As part of its working capital management, the Group utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring is excluded from balances shown above since all risks and rewards of the relevant invoices have been transferred to the factoring institution.

Other receivables include balances in respect of advances to suppliers, advances to personnel, VAT, withholding taxes and taxes paid other than taxes related to income tax, as a result of tax audit assessments during previous years from the tax authorities where the Group has commenced legal proceedings and disputed the relevant amounts. The timing of the finalization of these disputes cannot be estimated and the Group has classified the amounts as current assets. This balance as at 31 December 2019 also includes an amount of €54m (31 December 2018: €54m) of VAT approved refunds which has been withheld by the customs authorities due to a dispute relating to stock shortages. The Group has filed a specific legal objection and claim against this action and expects to fully recover this amount following the conclusion of the relevant legal proceedings (Note 33).

The fair values of trade receivables approximate their carrying amount.

The table below analyses total trade receivables:

	As at	
	31 December 2019	31 December 2018
Not past due	343.356	345.026
Past due	404.825	411.109
<b>Total trade receivables</b>	<b>748.181</b>	<b>756.135</b>

The overdue days of trade receivables that were past due are as follows:

	As at	
	31 December 2019	31 December 2018
Up to 30 days	103.608	83.859
30 - 90 days	20.767	18.526
Over 90 days	280.450	308.724
<b>Total</b>	<b>404.825</b>	<b>411.109</b>

Regarding trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The maximum exposure to credit risk at the reporting date is the carrying

value of each class of receivable. Collaterals include primarily first or second class pre-notices over properties of the debtor, personal and bank guarantees.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	<b>&lt; 30 days</b>	<b>31 - 90 days</b>	<b>&gt; 91 days</b>	<b>Total</b>
Expected credit loss rate	0,02%	0,10%	90,89%	34,09%
Total gross carrying amount	446.964	20.767	280.450	748.181
Expected credit loss	100	20	254.903	255.023

The movement in the provision for impairment of trade receivables is set out below.

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Balance at 1 January</b>	262.133	248.008
Effect of change in accounting policy	-	2.084
Charged / (credited) to the statement of comprehensive income		
- Exchange differences	299	136
- Additional provisions	13.209	19.241
- Unused amounts reversed	(5.189)	(2.936)
Receivables written off during the year as uncollectible	(15.226)	(4.640)
- Unwinding of discount	(182)	-
Transfers and other movements	(21)	240
<b>Balance at 31 December</b>	<b>255.023</b>	<b>262.133</b>

The movement in the provision for impairment has been included in Selling & Distribution costs in the statement of comprehensive income.

The movement in the provision for impairment of other receivables is set out below.

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Balance at 1 January</b>	42.304	47.566
Charged / (credited) to the statement of comprehensive income		
- Additional provisions	2.351	4.662
- Unused amounts reversed	(155)	(3.795)
- Receivables written off during the year as uncollectible	(318)	-
- Unwinding of discount	-	(12)
Transfer to litigation provision	-	(6.000)
Other movements	(62)	(117)
<b>Balance at 31 December</b>	<b>44.120</b>	<b>42.304</b>

### 13 Cash and cash equivalents

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Cash at bank and in hand	1.083.747	1.275.159
Short term bank deposits	4.451	-
<b>Cash and Cash Equivalents</b>	<b>1.088.198</b>	<b>1.275.159</b>

*Restatement:* During the year, the Group reconsidered the presentation of restricted cash balances and now includes such balances in the caption "Trade and other receivables". Previously, such balances were included in the caption "Cash, cash equivalents and restricted cash". Following the reconsideration, an adjustment was applied retrospectively to the 2018 comparative balance by reclassifying an amount of € 1,2 million from "Cash, cash equivalents and restricted cash" to "Trade and other receivables"

The balance of US Dollars included in Cash at bank as at 31 December 2019 was \$824 million (euro equivalent €734 million). The respective amount for the period ended 31 December 2018 was \$891 million (euro equivalent €779 million).

The weighted average effective interest rate as at the reporting date on cash and cash equivalents was:

	As at	
	31 December 2019	31 December 2018
Euro	0,05%	0,03%
USD	0,14%	0,09%

## 14 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
<b>As at 1 January &amp; 31 December 2018</b>	305.635.185	666.285	353.796	1.020.081
<b>As at 31 December 2019</b>	305.635.185	666.285	353.796	1.020.081

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2018: €2,18).

## 15 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax free & Incentive Law Reserves	Other reserves	Treasury shares	Total
<b>Balance at 31 December 2017 as originally presented</b>	118.668	86.495	8.175	94	164.982	(19.827)	(531)	358.056
Change in accounting policy	-	-	-	-	-	166	-	166
<b>Restated total equity as at 1 January 2018</b>	118.668	86.495	8.175	94	164.982	(19.661)	(531)	358.222
Changes in the fair value of equity investments	-	-	-	-	-	(700)	-	(700)
Currency translation differences and other movements	-	-	-	-	-	(740)	-	(740)
Recycling of gains / (losses) on hedges through comprehensive income	-	-	(14.920)	-	-	-	-	(14.920)
Fair value gains / (losses) on cash flow hedges	-	-	(5.006)	-	-	-	-	(5.006)
Actuarial gains / (losses) on defined benefit pension plans	-	-	-	-	-	(11.002)	-	(11.002)
Share-based payments	13	-	-	(93)	-	-	-	(93)
Share of other comprehensive income of associates	-	-	-	-	-	(288)	-	(288)
Acquisition of treasury shares	13	-	-	-	-	-	(683)	(683)
Issue of treasury shares to employees	13	-	-	-	-	-	1.214	1.214
Transfers of tax on reserves distributed to retained earnings	-	-	-	-	(17.319)	-	-	(17.319)
Dividends	-	-	-	-	(76.408)	-	-	(76.408)
Transfer to Statutory Reserve	26.170	-	-	-	-	-	-	26.170
Transfer of grant received to tax free reserves	-	-	-	-	80	-	-	80
<b>Balance at 31 December 2018</b>	144.838	86.495	(11.751)	1	71.335	(32.391)	-	258.527
Changes in the fair value of equity instruments	-	-	-	-	-	525	-	525
Recycling of gains / (losses) on hedges through comprehensive income	-	-	1.501	-	-	-	-	1.501
Transfers to statutory and tax reserves	15.818	-	-	-	-	-	-	15.818
Actuarial gains / (losses) on defined benefit pension plans	-	-	-	-	-	(12.372)	-	(12.372)
Fair value gains / (losses) on cash flow hedges	-	-	12.890	-	-	-	-	12.890
Currency translation differences and other movements	13	-	-	-	-	271	-	271
Share of other comprehensive loss of associates	-	-	-	-	-	(188)	-	(188)
<b>Balance at 31 December 2019</b>	160.656	86.495	2.640	1	71.335	(44.155)	-	276.972

### Statutory reserves

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until this reserve is equal to one third of the outstanding share capital. This reserve cannot be distributed during the existence of the corporation, but can be used to offset accumulated losses.

*Special reserves*

Special reserves primarily relate to reserves arising from tax revaluations which have been included in the parent company accounts in accordance with the relevant legislation in prior years.

*Tax free and Incentive Law reserves*

These reserves relate to retained earnings that have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes and include reserves relating to investments under incentive laws. These reserves will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital under certain conditions.

*Hedging reserve*

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

*Other reserves*

Other reserves are almost entirely comprised of actuarial losses.

Other reserves include:

- (i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
- (ii) Changes in the fair value of investments that are classified as investments in equity instruments.
- (iii) Exchange differences arising on translation of foreign controlled entities, which are recognised in other comprehensive income. The cumulative amount is reclassified to the profit or loss when the net investment is disposed of.

## 16 Trade and other payables

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Trade payables	1.238.776	1.137.603
Accrued expenses	77.477	138.022
Other payables	85.479	73.528
<b>Total</b>	<b>1.401.732</b>	<b>1.349.153</b>

Trade payables are comprised of amounts payable or accrued in respect of supplies of crude oil, products, and services.

Trade payables, as at 31 December 2019 and 31 December 2018, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long-term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it has not been possible to do so. In the period from 16 January 2016 up to 8 May 2018, when sanctions were suspended, the Group successfully made several payments against a significant part of these amounts. Following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place since 8 May 2018.

Accrued expenses mainly relate to accrued interest, payroll related accruals and accruals for operating expenses not yet invoiced. Accrued expenses include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation amounting to €12 million as at 31 December 2019 (2018: €54 million).

Other payables include amounts in respect of payroll related liabilities, social security obligations and sundry taxes.

## 17 Interest bearing loans and borrowings

	As at	
	31 December 2019	31 December 2018
<b>Non-current interest bearing loans and borrowings</b>		
Bank borrowings	917.938	1.178.075
Eurobonds	692.156	446.715
Finance leases	-	2.381
<b>Total non-current interest bearing loans and borrowings</b>	<b>1.610.094</b>	<b>1.627.171</b>
<b>Current interest bearing loans and borrowings</b>		
Short term bank borrowings	977.826	745.278
Eurobonds	-	318.386
Current portion of long-term bank borrowings	44.444	44.444
Finance leases - current portion	-	677
<b>Total current interest bearing loans and borrowings</b>	<b>1.022.270</b>	<b>1.108.785</b>
<b>Total interest bearing loans and borrowings</b>	<b>2.632.364</b>	<b>2.735.956</b>

Non-current interest bearing loans and borrowings mature as follows:

	As at	
	31 December 2019	31 December 2018
Between 1 and 2 years	702.348	267.038
Between 2 and 5 years	907.746	1.360.133
	<b>1.610.094</b>	<b>1.627.171</b>

The weighted average effective interest margins are as follows:

Borrowings	Currency	As at	
		31 December 2019	31 December 2018
<b>Short-term</b>			
- Floating Euribor + margin	Euro	3,30%	5,18%
- Floating Libor + margin	US Dollar	4,84%	6,88%
- Floating Belibor + margin	Serbian Dinar	2,84%	4,20%
- Floating Reference Rate + margin	Bulgarian Lev	1,89%	1,98%
- Fixed coupon	Euro	-	5,25%
<b>Long-term</b>			
- Floating Euribor + margin	Euro	2,81%	2,77%
- Floating Libor + margin	US Dollar	4,60%	5,42%
- Fixed coupon	Euro	2,82%	4,88%

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at	
	31 December 2019	31 December 2018
Euro	2.429.503	2.529.086
US Dollar	158.941	155.060
Serbian Dinar	15.053	15.098
Bulgarian Lev	28.867	36.712
<b>Total interest bearing loans and borrowings</b>	<b>2.632.364</b>	<b>2.735.956</b>

The Group has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, Hellenic Petroleum Finance plc (HPF) was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

Group borrowings by maturity date as at 31 December 2019 and 31 December 2018 are summarised in the table below (amounts in € million):

	Company	Maturity	Balance as at	
			31 December 2019	31 December 2018
1. Bond loan €400 million	HP SA	Jun 2023	394	392
2. Bond loan €400 million	HP SA	Nov 2020	224	223
3. Bond loan €300 million	HP SA	Feb 2021	299	297
4. Bond loan \$ 250 million	HP SA	June 2021	159	155
5. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	111	156
6. Eurobond €325 million	HPF plc	Jul 2019	-	318
7. Eurobond €450 million	HPF plc	Oct 2021	200	447
8. Eurobond €500 million	HPF plc	Oct 2024	491	-
9. Bilateral lines	Various	Various	754	745
10. Finance leases	Various	Various	-	3
<b>Total</b>			<b>2.632</b>	<b>2.736</b>

Refer to 'Liquidity Risk Management' (Note 3.1c) for an analysis of the Group's plans regarding the facilities falling due in 2020.

No loans were in default as at 31 December 2019 (none as at 31 December 2018).

**1. Bond loan €400 million maturing in June 2023**

In June 2018, the Group prepaid two loan facilities which had a total outstanding balance of €380 million. The facilities were refinanced with a 5 year syndicated revolving bond loan facility issued by Hellenic Petroleum S.A. and subscribed to by Greek and international banks for an amount of €400 million. The outstanding amount of the loan as at 31 December 2019 was €400 million.

**2. Bond Loan €400 million maturing in November 2020 (plus one year extension option)**

In November 2018 Hellenic Petroleum SA refinanced a €400 million syndicated bond loan with a new facility of the same principal amount maturing in 2 years which has a 1 year extension option. The outstanding amount of the loan as at 31 December 2019 was €225 million.

**3. Bond loan €300 million maturing in February 2021**

In January 2015 Hellenic Petroleum S.A. issued a €200 million revolving bond loan facility with a tenor of 3 years. The facility was refinanced in February 2018 for an increased amount of €300 million and a new tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was €300 million.

**4. Bond Loan \$250 million maturing in June 2021**

In June 2018 Hellenic Petroleum S.A. issued a \$250 million revolving bond loan facility with a tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was \$180 million.

**5. EIB Term loans maturing in June 2022**

In May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment programme related to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years and a 3 year grace period as well as similar terms and conditions. Facility B was credit enhanced by a commercial bank guarantee until February 2018 (this is normal lending practice for EIB particularly during the construction phase of large projects). Total repayments on both loans up to 31 December 2019 amounted to €289

million (€44 million paid during 2019). Facility B includes financial covenant ratios (leverage, interest cover and gearing ratios) which were amended in February 2018 in order to become aligned with those included in the Group's loans with commercial banks and Eurobonds.

**6. Eurobond €325m maturing in July 2019**

In July 2014 Hellenic Petroleum Finance PLC issued a €325 million 5 year eurobond with a 5.25% annual coupon maturing in July 2019. The Notes, which are guaranteed by Hellenic Petroleum S.A., are listed on the Luxembourg Stock Exchange. In July 2019 Hellenic Petroleum Finance fully repaid the outstanding balance of €319.8 million.

**7. Eurobond €450m maturing in October 2021**

In October 2016 Hellenic Petroleum Finance PLC issued a €375 million 5 year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.453 per cent. of the principal amount. The proceeds of the issue were used to repay existing financial indebtedness including a partial prepayment of a €500 million eurobond maturing in May 2017. The latter was effected via a tender offer process where notes of nominal value of €225 million were accepted. In July 2017 Hellenic Petroleum Finance PLC issued a notional amount of €74.53 million of notes guaranteed by Hellenic Petroleum S.A. maturing in October 2021 which were consolidated and form a single series with the €375 million 4.875% guaranteed notes as per above. The notes were partially prepaid in October 2019 with the proceeds of a new 5-year Eurobond issue of €500 million as detailed below. The balance of the notes as at 31 December 2019 was €201 million. Finance costs incurred related to the tender offer amounted to €24,6 million and are recorded in finance expenses in profit or loss of the statement of comprehensive income. Total cash outflow for the partial prepayment of the bonds amounted to €273 million.

**8. Eurobond €500m maturing in October 2024**

In October 2019, Hellenic Petroleum Finance PLC issued a €500 million five-year 2% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.41 per cent. of the principal amount. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248,4 million were accepted. Net cash inflow from this issue amounted to €251,6 million (excluding fees capitalized).

**9. Bilateral lines**

The Group companies have uncommitted credit facilities with various banks to finance general corporate needs which are renewed in accordance with the Group's finance needs. The facilities are mainly comprised of short-term loans of the parent company. During 2019, the Group achieved further improvements in the cost base of the facilities.

**10. Finance leases**

From 1 January 2019, following the adoption of IFRS 16, liabilities relating to finance leases, previously included within borrowings, are now presented within lease liabilities. (Note 18).

No other significant movements occurred in borrowings during the year ended 31 December 2019.

Certain medium term credit agreements, include financial covenants mainly for the maintenance of certain ratios such as: "Consolidated Net Debt/ Consolidated Adjusted EBITDA", "Consolidated Adjusted EBITDA/ Consolidated Net Interest" and "Consolidated Net Debt/ Consolidated Net Worth". Management monitors the Group's performance to ensure compliance with the above covenants.



## 18 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<b>As at 1 January 2019</b>	<b>Note</b>	<b>180.198</b>
Additions		36.378
Derecognition		(471)
Modification		14.467
Interest Cost	<b>27</b>	10.081
Repayment		(40.793)
Foreign exchange difference		33
<b>As at 31 December 2019</b>		<b><u>199.894</u></b>
<b>Current</b>		<b><u>30.537</u></b>
<b>Non-current</b>		<b>169.357</b>

The following are the amounts recognized in the consolidated statement of comprehensive income:

	<b>Note</b>	<b>2019</b>
Depreciation expense for right-of-use assets	<b>7</b>	39.103
Interest expense on lease liabilities	<b>27</b>	10.081
Expense relating to short-term leases		4.552
Expense relating to leases of low-value assets		195
Variable lease payments		1.112
<b>Total amount recognised in statement of comprehensive income</b>		<b><u>55.043</u></b>

The maturity table of the undiscounted cash flows of the lease liabilities is presented below.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<b>As at 31 December 2019</b>				
Lease liabilities	36.124	86.135	89.327	211.586

## 19 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

	As at	
	31 December 2019	31 December 2018
Deferred tax assets	59.358	64.109
Deferred tax liabilities	(213.495)	(185.744)
	<b><u>(154.137)</u></b>	<b><u>(121.635)</u></b>

The gross movement on the deferred income tax asset / (liability) is as follows:

	As at	
	31 December 2019	31 December 2018
<b>Beginning of the year</b>	(121.635)	(60.256)
Income statement charge	(29.807)	(72.957)
Charged / (released) to equity	(2.921)	10.911
Restatement of equity	0	531
Other movements	226	136
<b>End of year</b>	<b>(154.137)</b>	<b>(121.635)</b>

Deferred tax relates to the following types of temporary differences:

	As at	
	31 December 2019	31 December 2018
Intangible and tangible fixed assets	(219.535)	(213.073)
Inventory valuation	11.654	11.385
Unrealised exchange gains	139	(3.387)
Employee benefits provision	42.008	42.359
Provision for bad debts	33.914	39.318
Derivative financial instruments at fair value	(834)	4.002
Interest cost carried forward (thin capitalisation)	3.128	3.997
Tax free reserves (Law 4172/2013)	512	-
Tax losses carried forward	1.268	5.479
Environmental provisions	6.396	18.311
Impairment of investments	11.179	7.737
Unearned profit in stock	1.178	2.129
Other temporary differences relating to provisions and accruals	2.034	8.604
Deferred Tax on distribution of DESFA shares by DEPA	(46.556)	(48.496)
Leases (IFRS 16)	(623)	-
<b>End of year</b>	<b>(154.137)</b>	<b>(121.635)</b>

Deferred tax assets relating to tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As at 31 December 2019, the Group recognised deferred tax assets on tax loss carry-forwards totalling €1 million (2018: €5 million) since, on the basis of the approved business plan, the Group considers it probable that these can be offset against future taxable profits.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015, 40% for 2016 and 30% thereafter). This resulted in a deferred tax asset of €3 million as at 31 December 2019 (31 December 2018: €4 million), which can be offset against future taxable profits without any time constraints.

## 20 Retirement benefit obligations

The table below outlines where the Group's retirement benefit amounts and activity are included in the financial statements.

	As at	
	31 December 2019	31 December 2018
<b>Statement of Financial Position obligations for:</b>		
Pension benefits	180.398	163.514
<b>Liability in the Statement of Financial Position</b>	<b>180.398</b>	<b>163.514</b>
<b>Statement of Comprehensive Income charge for:</b>		
Pension benefits	20.858	22.201
<b>Total as per Statement of Comprehensive Income</b>	<b>20.858</b>	<b>22.201</b>
<b>Remeasurements for:</b>		
Pension benefits	15.049	13.750
Tax	(2.680)	(2.738)
<b>Total as per Statement of Other Comprehensive Income</b>	<b>12.369</b>	<b>11.012</b>

The amounts recognised in the Statement of Financial Position are as follows:

	As at	
	31 December 2019	31 December 2018
Present value of funded obligations	27.971	21.663
Fair value of plan assets	(11.479)	(10.108)
<b>Deficit of funded plans</b>	<b>16.492</b>	<b>11.555</b>
Present value of unfunded obligations	163.906	151.959
<b>Liability in the Statement of Financial Position</b>	<b>180.398</b>	<b>163.514</b>

The Group operates defined benefit pension plans in Greece, Bulgaria, Serbia, North Macedonia, Montenegro and Cyprus. All of the plans are final salary pension plans. The level of benefits provided depend on members' length of service and remuneration. The majority of the plans are unfunded, however there are certain plans in Greece and Cyprus that have plan assets.

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>As at 1 January 2018</b>	<b>142.786</b>	<b>(9.530)</b>	<b>133.256</b>
Current service cost	7.243	-	7.243
Interest expense/(income)	2.950	(158)	2.792
Past service costs and (gains)/losses on settlements	12.166	-	12.166
<b>Statement of comprehensive income charge (P&amp;L)</b>	<b>22.359</b>	<b>(158)</b>	<b>22.201</b>
<b>Remeasurements:</b>			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	322	322
- (Gain)/loss from change in demographic assumptions	(6)	-	(6)
- (Gain)/loss from change in financial assumptions	10.852	-	10.852
- Experience (gains)/losses	2.582	-	2.582
<b>Statement of comprehensive income charge (OCI)</b>	<b>13.428</b>	<b>322</b>	<b>13.750</b>
Benefits paid directly by the group/Contributions paid by the group	(3.881)	(1.322)	(5.203)
Benefit payments from the plan	(1.074)	595	(479)
Contributions paid by employees	17	(17)	-
Settlement payments from the plan	(12)	-	(12)
<b>As at 31 December 2018</b>	<b>173.623</b>	<b>(10.108)</b>	<b>163.514</b>

**Hellenic Petroleum S.A.**  
Consolidated Financial Statements in accordance with IFRS  
for the year ended 31 December 2019  
(All amounts in Euro thousands unless otherwise stated)

	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>As at 1 January 2019</b>	<b>173.623</b>	<b>(10.108)</b>	<b>163.514</b>
Current service cost	8.661	-	8.661
Interest expense/(income)	2.979	(166)	2.813
Past service costs and (gains)/losses on settlements	9.384	-	9.384
<b>Statement of comprehensive income charge (P&amp;L)</b>	<b>21.024</b>	<b>(166)</b>	<b>20.858</b>
<b>Remeasurements:</b>			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(480)	(480)
- (Gain)/loss from change in demographic assumptions	(909)	-	(909)
- (Gain)/loss from change in financial assumptions	20.012	-	20.012
- Experience (gains)/losses	(3.574)	-	(3.574)
<b>Statement of comprehensive income charge (OCI)</b>	<b>15.529</b>	<b>(480)</b>	<b>15.049</b>
Benefits paid directly by the group/Contributions paid by the group	(15.467)	(1.350)	(16.817)
Benefit payments from the plan	(2.844)	638	(2.206)
Contributions paid by employees	13	(13)	-
<b>As at 31 December 2019</b>	<b>191.878</b>	<b>(11.479)</b>	<b>180.398</b>

Past service costs include the Voluntary Retirement Scheme costs for 2019 of €9,1 million (Note 24).

The expected maturity analysis of undiscounted pension benefits is as follows:

<b>Balance at 31 December 2019</b>	<b>Less than a year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Pension Benefits	6.312	17.024	39.286	153.657	<b>216.279</b>

Plan assets are comprised as follows:

	2019				2018			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity Instruments	1.668	-	1.668	15%	1.973	-	1.973	20%
Debt Instruments								
- Government bonds	1.735	-	1.735	15%	1.228	-	1.228	12%
- Corporate bonds	3.159	-	3.159	28%	2.961	-	2.961	29%
Investment funds	2.074	-	2.074	18%	2.139	-	2.139	21%
Real Estate / Property	1.421	-	1.420	12%	1.421	-	1.420	14%
Cash and cash equivalents	138	1.285	1.423	12%	196	191	387	4%
<b>Total</b>	<b>10.195</b>	<b>1.285</b>	<b>11.479</b>	<b>100%</b>	<b>9.918</b>	<b>191</b>	<b>10.108</b>	<b>100%</b>

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2019	31 December 2018
Discount Rate	1,05%	2,05%
Future Salary Increases	1,10% - 2,50%	1,10% - 1,50%
Inflation	1,10%	1,10%
Average future working life in years	10,84	16,18

The sensitivity of the defined benefit obligation (DBO) to changes in the weighted principal assumptions is:

	<b>Impact on Defined Benefit Obligation</b>		
	<b>Change in assumption</b>	<b>Increase in DBO</b>	<b>Decrease in DBO</b>
Discount Rate	-1,0%	-4,94%	5,36%
Future Salary Increases	0,5%	5,15%	Not applicable

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Expected contributions to defined benefit plans for the following year amount to €1,2 million. The weighted average duration of the defined benefit obligation is 11 years.

## 21 Provisions

The movement for provisions for 2019 and 2018 is as follows:

	<b>Provisions for other liabilities and charges</b>
<b>At 1 January 2018</b>	<b>6.371</b>
Charged / (credited) to the statement of comprehensive income:	
- Additional provisions	30.895
- Unused amounts reversed	(2.511)
- Utilized during year	(3.705)
Transfer from Note 12	6.000
Other movements / reclassifications	1.188
<b>At 31 December 2018</b>	<b>38.238</b>
Charged / (credited) to the statement of comprehensive income:	
- Additional provisions	1.365
- Unused amounts reversed	(78)
- Utilized during year	(518)
Other movements / reclassifications	(13.382)
<b>At 31 December 2019</b>	<b>25.625</b>

*Restatement:* ‘Other movements / reclassifications for the year ended 31 December 2018 includes an amount of €3,8 million that has been reclassified to provisions for impairment of trade receivables (Note 12).

Long-term provisions as at 31 December 2019 mainly comprise of environmental restoration costs of €15 million (2018: €15 million).

Other movements / reclassifications for 2019 include an amount of €12 million that relates to a tax provision reclassified to current income tax balance.

## 22 Other non-current liabilities

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Government grants	10.329	10.939
Trade and other payables	18.047	17.913
<b>Total</b>	<b>28.376</b>	<b>28.852</b>

**Government grants**

Advances by the Government to the Group's entities relate to grants for the purchase of property plant and equipment. Amortisation for 2019 amounted to €1,0 million (2018: €1,0 million).

**Trade and other payables**

Trade and other payables, non-current are comprised of cash guarantees received from petrol station dealers/managers of the Group's retail companies in order to ensure that contract terms and conditions are met.

**23 Derivative financial instruments**

Commodity derivative type	31 December 2019			31 December 2018		
	Bbls'000	Assets €	Liabilities €	Bbls'000	Assets €	Liabilities €
Commodity Swaps	1.028	3.474	-	846	-	16.387
	<b>1.028</b>	<b>3.474</b>	<b>-</b>	<b>846</b>	<b>-</b>	<b>16.387</b>
<b>Total</b>	<b>1.028</b>	<b>3.474</b>	<b>-</b>	<b>846</b>	<b>-</b>	<b>16.387</b>

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Non-current portion</b>				
Commodity swaps	-	-	-	-
<b>Current portion</b>				
Commodity swaps	3.474	-	-	16.387
<b>Total</b>	<b>3.474</b>	<b>-</b>	<b>-</b>	<b>16.387</b>

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the accounting hedging criteria, they are classified as 'held for trading' for accounting purposes.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

**Derivatives designated as cash flow hedges**

During the year ended 31 December 2019 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1,501 million loss, net of tax (2018: €14,920 million gain, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a gain of €12,890 million net of tax as at 31 December 2019, (2018: €5,006 million loss, net of tax), is included in the hedging reserve (see Note 15).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

## 24 Expenses by nature

	For the year ended	
	31 December 2019	31 December 2018
Raw materials and consumables used	7.507.711	8.219.544
Employee costs	284.279	279.943
Depreciation	226.247	187.117
Amortisation	6.575	10.066
Transportation and warehouse costs	126.510	124.150
Production overheads	105.235	104.565
SWAPS gains / (losses)	12.751	(41.611)
Stock devaluations	2.001	32.705
Other expenses	250.220	328.238
<b>Total cost of sales, distribution cost and administrative expenses</b>	<b>8.521.529</b>	<b>9.244.717</b>

*Restatement:* Comparative balances of 31 December 2018 are restated to conform to the changes in presentation of the current year.

Other expenses mainly comprise items relating to maintenance & site expenses, insurance costs, provision for impairment of receivables, corporate social responsibility costs, third party services (consultancy & legal) expenses, IT costs and advertising and promotion costs. The current year's balance does not include rental cost, due to the application of IFRS 16 as from 1 January 2019.

The fees of Ernst & Young concerning the permissible non audit services which have been preapproved from the Audit Committee of the Company during 2019, amounts to €0,25m, out of which €0,13m related to fees of Ernst & Young Hellas.

### Employee costs

Employee costs are set out in the table below:

	For the year ended	
	31 December 2019	31 December 2018
Wages and salaries	191.047	186.943
Social security costs	47.871	45.412
Pension costs	11.447	22.201
Other employment benefits	33.914	25.387
<b>Total</b>	<b>284.279</b>	<b>279.943</b>

Other employment benefits include medical insurance, catering and transportation expenses as well as voluntary retirement scheme costs of €9,1 million (Note 20).

## 25 Exploration and development expenses

Geological and geophysical costs are expensed as incurred (2019: €4,8 million and 2018: €1,4 million) and relate mainly to exploration operations including environmental and geological studies in the Patraikos Gulf, Arta – Preveza onshore Block, NW Peloponnese onshore Block and Block 2.

Exploration license costs relating to Patraikos, Arta Preveza, NW Peloponnese, Block 2, SW Crete, West Crete and Block 10 have been capitalized within intangible assets and are amortised over the term of the exploration period for each block.

## 26 Other operating income / (expenses) and other gains / (losses)

Other operating income / (expenses) and other gains / (losses) are analysed as follows:

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Other operating income and other gains</b>			
Income from Grants	33	1.049	965
Services to 3rd parties		3.014	2.874
Rental income		8.712	9.315
Insurance compensation		611	2.297
Profit from the sale of PPE		686	293
Discounting effect of long-term liabilities		1.464	2.363
Other		18.609	9.692
<b>Total</b>		<b>34.146</b>	<b>27.799</b>
<b>Other operating expenses and other losses</b>			
Loss from the sale of PPE		718	47
Impairment of fixed assets	6	4.606	3.734
Discounting effect of long-term receivables		2.423	2.817
Voluntary retirement scheme cost		9.119	596
Provision for environmental restoration		-	15.000
Other		6.929	14.428
<b>Total</b>		<b>23.795</b>	<b>36.622</b>
<b>Other operating income / (expenses) and other gains / (losses) - Net</b>		<b>10.351</b>	<b>(8.823)</b>

*Restatement:* Comparative balances of 31 December 2018 are restated to conform to changes in presentation of the current year.

Other operating income / (expenses) and other gains / (losses) include amounts which do not relate to the trading activities of the Group.

Rental income relates to long term rental of petrol stations, let to dealers.

Other category in other operating income includes various items of a non-trading nature, the most significant of which relates to reversal of provisions for impairment of receivables of €7,3 million.

## 27 Finance income / (expense)

	For the year ended	
	31 December 2019	31 December 2018
Interest income	5.843	3.827
Interest expense	(99.963)	(125.907)
Other finance costs	(46.340)	(23.625)
Lease finance cost	(10.081)	-
<b>Finance costs -net</b>	<b>(150.541)</b>	<b>(145.705)</b>

Finance costs amounting to €2,9 million (2018: €2,5 million) have been capitalised (Note 6).

Other finance costs for 2019 include a one-off expense of €24,6 million which relates to the finance cost of the tender offer for the new €500 million bond issued in October 2019 (Note 17).



## 28 Currency exchange gains / (losses)

Foreign currency exchange losses of €1 million for the year ended 31 December 2019 mainly relate to unrealized losses arising from the valuation of bank accounts denominated in foreign currency (mostly USD) as well as unrealized exchange losses arising from the valuation of borrowings denominated in foreign currency. The corresponding amount for the year ended 31 December 2018 was a gain of €2 million.

## 29 Income tax expense

The tax (charge) / credit relating to profit or loss components of comprehensive income, is as follows:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Current tax	(18.555)	(72.025)
Tax on distribution of dividends	0	(13.490)
Prior year tax	4.928	4.254
Deferred tax (Note 19)	(29.807)	(72.957)
<b>Income Tax (expense) / credit</b>	<b>(43.434)</b>	<b>(154.218)</b>

The tax (charge) / credit relating to components of other comprehensive income, is as follows:

	<b>For the year ended</b>					
	<b>31 December 2019</b>			<b>31 December 2018</b>		
	<b>Before tax</b>	<b>Tax (charge)/ credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge)/ credit</b>	<b>After tax</b>
Share of other comprehensive income of associates	(188)	-	(188)	(288)	-	(288)
Investment in equity instruments	741	(197)	544	(959)	264	(695)
Cash flow hedges	19.794	(5.403)	14.391	(27.835)	7.909	(19.926)
Currency translation differences	272	-	272	(745)	-	(745)
Actuarial gains/ (losses) on defined benefit pension plans	(15.049)	2.680	(12.369)	(13.750)	2.738	(11.012)
<b>Other comprehensive income</b>	<b>5.570</b>	<b>(2.920)</b>	<b>2.650</b>	<b>(43.577)</b>	<b>10.911</b>	<b>(32.666)</b>

The corporate income tax rate of legal entities in Greece for 2019 is 24% (2018: 29%).

In accordance with the applicable tax provisions, tax audits in Group companies are conducted as follows:

### a. Audits by Certified Auditors - Tax Compliance Report

Effective from fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an “Annual Tax Compliance Report” as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013, as of 2014, from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report under certain conditions, substitutes the full tax audit by the tax authorities, however the tax authorities reserve the right of future tax audit.

All Group companies based in Greece have received unqualified Tax Compliance Reports by their respective statutory auditor for fiscal years up to 2018 inclusive.

### b. Audits by Tax Authorities

Income tax years of the parent company and its most significant subsidiaries audited by the tax authorities are set out below:

<b>Company name</b>	<b>Financial years ended (up to and including)</b>
HELLENIC PETROLEUM SA	2011
EKO SA	2010
HELLENIC FUELS & Lubricants SA (former HELLENIC FUELS SA)	2011

Notwithstanding the possibility of future tax audits, Group management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements as of 31 December 2019 (Note 33).

With the adoption of IFRIC 23 as of 1 January 2019, the Group reclassified from trade and other receivables line of the statement of financial position, to a separate line item (income tax receivable) assets relating to advance payments against uncertain tax positions (notes 2.20, 4(i) and note 33). The comparatives have been reclassified accordingly.

As of 31 December 2019, the income tax receivable amount of €91.4 million includes amounts advanced by the Group relating to uncertain tax positions (as explained in notes 2.20, 4(i) and note 33) relating to income taxes (31 December 2019 and 2018: €14,2 million and €17,4 million respectively) and related interest and penalties (31 December 2019 and 2018: €17,9 million and € 17,9 million respectively). The income tax receivable amount also includes an amount of €59,3 million relating to the excess of income tax advances made against the income tax payable for 2019.

Numerical reconciliation of Group Income tax expense to prima facie tax payable:

	For the year ended	
	31 December 2019	31 December 2018
<b>Profit before tax</b>	<b>207.010</b>	<b>368.930</b>
Tax (expense) at Greek corporation tax rate of 24% (2018 - 29%)	(49.682)	(106.990)
Difference in overseas tax rates	3.777	5.688
Tax exempt results of shipping companies	1.629	556
Deferred Tax on distribution of DESFA shares by DEPA	-	(48.494)
Tax on expenses not deductible for tax purposes	(8.294)	(9.457)
Adjustments to Deferred tax due to changes in tax rate (excl DESFA)	1.477	17.164
Utilization of previously unrecognized tax losses	3.001	449
Tax losses for which no deferred income tax was recognised	(6.666)	(50)
Adjustments for deferred tax of prior periods	870	(536)
Tax on Distribution of Dividend	-	(13.490)
Tax on income from associates not subject to corporate tax	4.287	513
Derecognition of provisions for which no deferred tax had been recognised	617	-
Derecognition of deferred tax asset tax losses due to statute of limitations	(491)	-
Adjustment for prior year taxes	4.908	-
Under / (Over) provision of prior year deferred taxes	969	-
Other	164	430
<b>Tax (Charge) / Credit</b>	<b>(43.434)</b>	<b>(154.218)</b>
<b>Effective tax rate</b>	<b>21,0%</b>	<b>41,8%</b>

### 30 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 14). As of 31 December 2019 and 31 December 2018, all share options had either been exercised or lapsed and there were no treasury shares. Diluted earnings per share equal basic earnings per share.

	For the year ended	
	31 December 2019	31 December 2018
<b>Earnings per share attributable to the Company Shareholders</b>		
<b>(expressed in Euro per share):</b>	<b>0,53</b>	<b>0,69</b>
Net income attributable to ordinary shares		
(Euro in thousands)	160.798	211.614
Weighted average number of ordinary shares	305.635.185	305.628.663

### 31 Dividends per share

On 28 February 2019, the BoD proposed to the AGM the distribution of a final dividend of €0,50 per share for the year ended 2018, which was approved by the AGM on 7 June 2019. The above dividend includes a special dividend of €0,25 per share relating to distribution of part of the proceeds from the sale of the Group's share in DESFA. The total final dividend for 2018, amounts to €152,8 million and is included in the Consolidated Financial Statements for the year ended 31 December 2019. The whole amount was paid in July 2019.

At its meeting held on 5 November 2019, the Board of Directors decided to distribute an interim dividend of €0,25 per share for the financial year 2019. The dividend amounts to a total of €76,4 million and is also included in the Consolidated Financial Statements for the year ended 31 December 2019.

A proposal to the AGM for a final dividend €0,25 per share for the year ended 2019, was approved by the Board of Directors on 27 February 2019. The total final dividend amounts to €76,4 million and is not included in the Consolidated Financial Statements for the year ended 31 December 2019, as it has not yet been approved by the shareholders' AGM.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend or an additional special dividend during 2020.

### 32 Cash generated from operations

	Note	For the twelve month period ended	
		31 December 2019	31 December 2018
<b>Profit before tax</b>		<b>207.010</b>	<b>368.930</b>
Adjustments for:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	6,7	230.585	190.851
Amortisation and impairment of intangible assets	8	6.844	10.066
Amortisation of grants	26	(1.049)	(965)
Finance costs - net	27	150.541	145.704
Share of operating profit of associates	9	(17.862)	1.771
Provisions for expenses and valuation charges		33.003	89.103
Foreign exchange gains	28	1.255	(2.194)
Amortisation of long-term contracts costs	26	(959)	454
Gains / (losses) on assets held for sale		(721)	-
(Gains) / losses on sales of property, plant and equipment	26	32	(246)
		<b>608.679</b>	<b>803.474</b>
<b>Changes in working capital</b>			
(Increase) / decrease in inventories		(20.065)	61.582
(Increase) / decrease in trade and other receivables		7.352	126.751
Increase / (decrease) in trade and other payables		38.751	(339.516)
		<b>26.039</b>	<b>(151.183)</b>
<b>Net cash generated from / (used in) operating activities</b>		<b>634.718</b>	<b>652.291</b>

### **33 Contingencies and litigation**

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business, the most significant of which are disclosed below:

**(a) Business issues**

**(i) Unresolved legal claims**

The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes that the final outcome will not have a significant effect on the Group's operating results or financial position and that no additional provisions over and above provisions already reflected in the consolidated financial statements are required.

As at 31 December 2019 there are pending litigation claims that have been filed against the Group by the State, concerning customs violations that have been carried out by petrol stations dealers for which the Group is considered to be jointly liable. Furthermore, a number of decisions have been issued by the Supreme Administrative Court in similar cases, which either reject the Group's appeals, or accept the State's appeals and redirect them to the Administrative Appeals Court. The total amounts imposed amount to € 13,9 million of which € 11,7 million has been paid and recognized in Other Receivables in the Financial Statements.

The Group intends to file an appeal regarding these cases, to the European Court of Human Rights and at the same time to submit a question to the European Union Court as it assesses that the above Court decisions contradict the provisions of the European Convention on Human Rights as well as the legal framework of the European Union.

In this context, Group Management assesses that the probability of a favourable outcome from the European Courts is significant, which may as a result change the Supreme Administrative Court's position, which will subsequently result in a favourable outcome for the Group. For the reasons mentioned above, the Group has not raised a provision with regards to these cases.

#### *Municipalities*

During the current and preceding year, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Group within the boundaries of each respective municipality. As at 31 December 2019, the total amounts imposed amount to € 26,5 million (31 December 2018: €26,5 million). In order to appeal against these, and in accordance with legislation, the Group has paid an amount of €14 million which is included in Other Receivables in the Financial Statements.

The Group has exercised all available legal recourse relating to these cases and Group Management have assessed that it is most probable that the outcome of all appeals will be favourable. Therefore, the Group has not raised a provision with regards to these cases.

#### *Competition commission*

In 2008, the Competition Commission (CC) imposed a penalty to BP Hellas S.A. (BP) amounting to € 30,066,585. On 24.12.2008, BP appealed against the CC Decision before the Athens Appellate Administrative Court and obtained suspension of enforcement for the amount of €28 million. Said Court, by virtue of Decision No. 1494/2011 sustained the appeal and cancelled the penalty. On 26.10.2011 the CC appealed against the above Decision before the Supreme Administrative Court (Conseil d'Etat), which recently rendered its Decision No. 1770/2019, by virtue of which it has sustained the appeal of the CC and annulled the Decision of the Appellate Court, before which the case will be tried anew. The Supreme Court Decision is not yet available, as it is not yet transcribed into an official transcript.

In view of the above, a definitive opinion on the outcome of the new trial before the Appellate Court cannot be formed. The Group's legal advisors firm view since the beginning of the Court proceedings in 2008 is that the Company did not violate Law 703/1977 and it is believed that their view still remains unchanged.

Therefore, Group management believes that there is sufficient defense against the above penalty of the CC, which will be ultimately cancelled and no probable loss is expected to arise for the Company. Therefore, no provision has been made in the financial statements in relation to this claim.

(ii) Guarantees

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group. The outstanding amount of these as at 31 December 2019 was the equivalent of €912 million (31 December 2018: €969 million). Out of these, €807 million (31 December 2018: €886 million) are included in consolidated borrowings of the Group and are presented as such in the consolidated financial statements.

(iii) International operations

The Group's international operations face a number of legal issues related mainly to changes in local permits and fines imposed by Independent Regulatory Agencies, however it is considered that they do not present any material impact on the consolidated financial statements. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD in Montenegro, as well as the re-opening of the Commission for the Protection of Competition in Cyprus' investigation against the Petroleum companies operating there (wholesale), for the period from 1 October 2004 to 22 December 2006. On 15 November 2017 the Commission for the Protection of Competition in Cyprus imposed a fine amounting to €5 million against Hellenic Petroleum Cyprus Ltd. Pertinent legal actions, have commenced on 30 December 2017 and are in progress. The likelihood for an outflow of resources is assessed as remote. Management believes that no additional material liabilities will arise as a result of these cases over and above those recognised in the consolidated financial statements.

**(b) Taxation and customs**

The tax framework and practices in Greece, which determine the tax base for the transactions of the Group's main entities, may result in inherent uncertainties, due to its complexity and it being subject to changes and alternative interpretation by relevant authorities at different points in time and across different entities. As a result, there may be types of expenses or treatments for which a company may be assessed on a different basis than the one adopted during preparation of its tax return and the financial statements. Based on past experience tax audits were carried out by tax authorities on average 5-7 years after the filing of the tax return. In addition, where a tax audit results in a different view to the that adopted by a Group entity, the process for resolving the issue is usually through a court of law proceeding, which has many stages and can take a considerable number of years to reach its final and irrevocable ruling. For an entity to engage in this process, a minimum down payment of 50% of the total tax and surcharges assessed is required.

All of the above result in inherent difficulties in the determination and accounting of tax liabilities. As a result, management aims to determine its policy based on specific legislation available at the time of accounting for a transaction, obtain specialist legal and tax advice on individual cases and utilise prior tax audits experience and rulings, including relevant court decisions. This process ensures that the financial statements reflect any material tax and customs liabilities as accurately and completely as possible.

(i) Open tax years – Litigation tax cases

As disclosed in Note 29, tax audits for the Group's most important Greek legal entities have been completed by the Tax Authorities as follows:

- Hellenic Petroleum S.A. has been audited up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 31 December 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of € 22,5 million and penalties of €23,5 million, for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Companies' normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed.

Even though the Company disputed the additional taxes and surcharges imposed, it was obliged to pay 50% of the assessed amounts (taxes and surcharges) to the Tax Authorities in order to appeal the results of the tax audits.

This was paid within the applicable deadline, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Company, within 2018. These amounts are included in the Income Tax Receivable balance if they relate to income tax, or in Trade and Other Receivables balance if they relate to other taxes, as the Company assesses that it will succeed in its appeals. As far as surcharges are concerned, the report has assessed amounts at 120% of the original tax instead of the applicable 50%; this is also being legally challenged by the Company.

At present, notification for audit has been received for the year ended 31 December 2012, which according to the general provisions is time-barred.

The two main retail subsidiaries in Greece, which merged during 2016, have been audited as follows:

- Former Hellenic Fuels S.A. has been audited up to and including the financial year ended 31 December 2011, while notifications for audit have been received for subsequent years up to and including 31 December 2013, which according to the general provisions are time-barred. The most recent Tax audit reports for 2010 and 2011 were delivered in December 2017, and assess additional taxes of € 1,6 million and surcharges of € 1,9 million for similar reasons as Hellenic Petroleum. The process followed is identical to the one described above for Hellenic Petroleum and the subsidiary has already proceeded with the relevant legal actions.

Following the court hearing, the relevant Decisions were issued in Q3 2019. With regards to the Stamp duty cases amounting to € 3,4 million, the decisions were in favor of the company and the relevant amounts are to be refunded to the company, whereas for the Real Estate tax dispute of 2010 amounting to € 100 thousand, which was not in favor, the company continues the legal procedure.

- EKO S.A. has been audited up to and including 31 December 2010, while notification for audit has been received for the fiscal year 2012, which according to the general provisions is time-barred. The most recent Tax audit reports for 2008, 2009 and 2010 were delivered in February 2018 and assess additional stamp duty of € 4,1 million and surcharges of € 3,5 million. The process followed is identical to the one described above for Hellenic Petroleum and the subsidiary has already proceeded with the relevant legal actions.

Even though the Companies dispute the additional taxes and surcharges imposed, they were obliged to pay 50% of the assessed amounts (taxes and surcharges) to the Tax Authorities in order to appeal the results of the tax audits. These were paid within the applicable deadlines, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Companies, within 2018. The amounts paid and/or offset are included in the Income Tax Receivable balance if they relate to income tax or in the Trade and Other Receivable balance if they relate to other taxes, as the Group assesses that it will succeed in its appeals.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognized in the consolidated financial statements as at 31 December 2019. The Company has recorded down payments made for taxes and penalties assessed in previous disputes with the tax authorities in income tax receivable (Note 29), to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2018, the Group's Greek legal entities obtained unqualified "Annual Tax Compliance Reports" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

- (ii) Assessments of customs and fines

#### *Customs and stock shortages*

In 2008, Customs authorities assessed additional customs duties and penalties amounting to approximately €40 million for alleged "stock shortages" during the years 2001-2005. The Company has duly filed contestations before the Administrative Court of First Instance, and Management believes that this case will have a positive outcome when the legal procedure will be concluded.

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 12), an action against which the Company filed two

Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

#### *Customs – other*

As at 31 December 2019 there are pending litigation claims that have been filed against the Group by the State, concerning customs violations that have been carried out by petrol stations dealers and whereby the Group is considered to be jointly liable. Furthermore, a number of decisions have been issued by the Supreme Administrative Court in similar cases, which either reject the Group's appeals, or accept the State's appeals and redirect them to the Administrative Appeals Court. The total amounts imposed amount to € 13,9 million of which € 13,1 million have been paid and recognized in Other Receivables in the Financial Statements (31 December 2018: € 11,7 million).

With regards to EKO S.A.'s cases, the Group has filed an appeal to the European Court of Human Rights as it assesses that the above Court decisions contradict the provisions of the European Convention on Human Rights.

In this context, Group Management assesses that the probability of a favorable outcome from the European Courts is more likely than not, which may as a result change the Supreme Administrative Court's position, which will subsequently result in a favorable outcome for the Group. For the reasons mentioned above, the Group has not raised a provision with regards to these cases.

In 2019, the customs authorities in Skopje, conducted an audit in OKTA, with regards to excise duties of eurodiesel imports, for the fiscal years 2014 - 2018.

They are of the opinion that, excise duties related to these imports, were not correctly calculated and they issued relevant decisions for the fiscal year 2014, imposing additional amounts of € 380 K.

The Company filed lawsuits, initiating administrative disputes, seeking full annulment, on grounds of substantial violations of procedural rules from the customs authorities' side, their failure to completely and correctly establish the facts of the case and to correctly apply substantive laws. The Company expects that the case will have a positive outcome, when the legal procedure will be concluded.

## **34 Commitments**

### (a) Capital commitments

Significant contractual commitments of the Group amount to €39,1 million as at 31 December 2019 (31 December 2018: €21,7 million), which mainly relate to improvements in refining assets.

### (b) Exploration costs

Contractual commitments of the Group for exploration costs amount to €23,8 million as at 31 December 2019 (31 December 2018: €26,4 million).

### (c) Letters of Credit

The Group may be requested to provide bank letters of credit to suppliers in order to obtain better commercial and credit terms. To the extent that such items are already recorded as liabilities in the financial statements there is no additional commitment to be disclosed. In cases where the underlying transaction occurs after the year end, the Group is not liable to settle the letter of credit and hence no such liability exists as at the year end.

## **35 Related-party transactions**

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business.

Transactions have been carried out with the following related parties:

a) Associates and joint ventures of the Group which are consolidated under the equity method:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Sales of goods and services to related parties</b>		
Associates	397.674	597.853
Joint ventures	1.107	754
<b>Total</b>	<b>398.781</b>	<b>598.606</b>
 <b>Purchases of goods and services from related parties</b>		
Associates	460.363	769.052
Joint ventures	38.357	18.813
<b>Total</b>	<b>498.720</b>	<b>787.865</b>
 <b>Balances due to related parties</b>		
Associates	9.176	11.912
Joint ventures	226	1.387
<b>Total</b>	<b>9.401</b>	<b>13.299</b>
 <b>Balances due from related parties</b>		
Associates	18.738	36.041
Joint ventures	438	150
<b>Total</b>	<b>19.176</b>	<b>36.191</b>

Hellenic Petroleum S.A. has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2019 was €105 million (31 December 2018: €83 million).

b) Government related entities which are under common control with the Group due to the shareholding and control rights of the Hellenic State and with which the Group has material transactions or balances:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Road Transport S.A.
- Lignitiki Megalopolis S.A.
- Lignitiki Melitis S.A

During the year ended 31 December 2019, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €328 million (31 December 2018: €353 million);
- Purchases of goods and services amounted to €68 million (31 December 2018: €51 million);
- Receivable balances of €60 million (31 December 2018: €44 million);



- Payable balances of €16 million (31 December 2018: €11 million).

c) Key management includes directors (Executive and Non-Executive Members of the board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable to the aforementioned key management is as follows:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Short-term employee benefits	4.839	4.522
Post-employment benefits	136	67
Termination benefits	1.676	1.661
<b>Total</b>	<b>6.651</b>	<b>6.250</b>

d) The Group participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece:

- Edison International SpA (Greece, Patraikos Gulf).
- Calfrac Well Services Ltd (Greece, Sea of Thrace concession)
- Total E&P Greece B.V and Edison International SpA (Greece, Block 2).
- Total E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block West Crete).
- Total E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block South West Crete).
- Repsol Exploracion (Greece, Block Ionian).

### 36 Principal subsidiaries, associates and joint ventures included in the consolidated financial statements

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
HELLENIC FUELS AND LUBRICANTS INDUSTRIAL AND COMMERCIAL S.A	Marketing	GREECE	100,00%	FULL
EKOTA KO S.A.	Marketing	GREECE	49,00%	FULL
EKO KALYPSO M.E.P.E.	Marketing	GREECE	100,00%	FULL
EKO ATHINA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO ARTEMIS MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO DIMITRA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO IRA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO AFRODITI MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO BULGARIA EAD	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELLENIC PETROLEUM INTERNATIONAL S.A.	Holding	AUSTRIA	100,00%	FULL
HELLENIC PETROLEUM CYPRUS LTD	Marketing	U.K	100,00%	FULL
R.A.M.OIL Cyprus LTD	Marketing	CYPRUS	100,00%	FULL
YUGEN LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM CYPRUS HOLDING LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
JUGOPETROL AD	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	100,00%	FULL
VARDAX S.A	Pipeline	GREECE	80,00%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	NORTH MACEDONIA	81,51%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON MARITIME COMPANY	Vessel owning / Petrochemicals	GREECE	100,00%	FULL
APOLLON MARITIME COMPANY	Vessel owning / Refining	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM R.E.S S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A.	Energy	GREECE	51,00%	FULL
ENERGIAKI PYLOY METHONIS S.A.	Energy	GREECE	100,00%	FULL
ATEN ENERGY S.A.	Energy	GREECE	100,00%	FULL
HELPE E&P HOLDINGS S.A	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE ARTA PREVEZA SA	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE NW PELOPONISSOS SA	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE WEST KERKYRA SA	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE SEA OF THRACE SA	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE PATRAIKOS S.A.	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE UPSTREAM S.A	E&P of hydrocarbons	GREECE	100,00%	FULL
SUPERLUBE LTD	Lubricants	CYPRUS	100,00%	FULL
BLUE CIRCLE ENGINEERING LIMITED	Marketing	CYPRUS	100,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	33,33%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
E.A.K.A.A S.A.	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
DMEP HOLDCO LTD	Trade of crude/products	U.K	48,00%	EQUITY

- On 15 January 2019, HELLENIC PETROLEUM CYPRUS HOLDING (HPCH) LTD signed a share purchase agreement for the acquisition of 100% of the total issued share capital of BLUE CIRCLE ENGINEERING LIMITED, a company that specializes in the use of LPG as a source of energy, as well as distributing of LPG throughout Cyprus. The transaction was completed on 31 May 2019 and the total aggregate consideration for the ordinary share capital acquired was €6,9 million, comprising an immediate cash consideration of €5,7 million (€5,3 million net of cash acquired), an amount of €0,55 million which was settled within the third quarter of 2019 and a contingent consideration of €0,65 million subject to the satisfaction of specific terms of the agreement in relation to working capital balances. Provisional goodwill of €4,7 million was recognised (Note 8).
- On 26 July 2019, ELPEDISON BV acquired all the shares held by the non-controlling interests in ELPEDISON SA of 24,22% and currently owns 100% of the shares in ELPEDISON SA. The total aggregate consideration for the ordinary share capital acquired amounted to €20 million (Note 9).

### 37 Events after the end of the reporting period

On 17 February 2020, HELLENIC PETROLEUM announced the acquisition (the “Transaction”) of a portfolio of photovoltaic (“PV”) projects (the “Project”) at final permitting stage, in the area of Kozani, N. Greece, from German RES developer and contractor JUWI. The Transaction, is expected to be completed during 2Q20, with the construction estimated at 16 months and the Project becoming operational in 4Q21, the total investment is estimated at €130 million.

On 20 February 2020, the Extraordinary General Meeting of the Shareholders of Hellenic Petroleum S.A. granted permission, in accordance with the provisions of article 100 of Law 4548/2018, for the conclusion of a Memorandum of Understanding between the “Hellenic Republic Asset Development Fund S.A.” and “Hellenic Petroleum S.A.” regarding:

- The joint sale of DEPA Infrastructure S.A. (a company to formed following the spin-off of DEPA’s infrastructure business within the framework of its privatization process) and
- The participation in the sales process of DEPA Commercial S.A. (DEPA SA will be renamed to DEPA Commercial SA following the spin-off of its infrastructure business within the framework of its privatization process)

## 1.2 Parent Company Financial Statements

# **HELLENIC PETROLEUM S.A.**

Financial Statements

in accordance with IFRS

as endorsed by the European Union

for the year ended 31 December 2019



GENERAL COMMERCIAL REGISTRY: 000269901000  
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23  
REGISTERED OFFICE: 8<sup>A</sup> CHIMARRAS STR, 15125 MAROUSSI, GREECE

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## Company Information

<b>Directors</b>	Ioannis Papathanasiou – Chairman of the Board (from 7/8/2019) Andreas Shiamishis – Chief Executive Officer (from 7/8/2019) Georgios Alexopoulos – Member Theodoros–Achilleas Vardas – Member Michail Kefalogiannis – Member (from 7/8/2019) Alexandros Metaxas –Member (from 7/8/2019) Iordanis Aivazis – Member (from 7/8/2019) Loukas Papazoglou – Member (from 7/8/2019) Alkiviades-Konstantinos Psarras – Member (from 7/8/2019) Theodoros Pantalakis – Member Spiridon Pandelias - Member Georgios Papakonstantinou – Member Constantinos Papagiannopoulos – Member
<b>Other Board Members during the year</b>	Efstathios Tsotsoros – Chairman of the Board & Chief Executive Officer (until 7/8/2019) Georgios Grigoriou – Member (until 7/8/2019) Dimitrios Kontofakas – Member (until 7/8/2019) Vasileios Kounelis – Member (until 7/8/2019) Loudovikos Kotsonopoulos – Member (until 7/8/2019) Christos Tsitsikas – Member (until 7/8/2019)
<b>Auditors:</b>	ERNST & YOUNG (HELLAS) Certified Auditors – Accountants S.A. 8B Chimarras Str 151 25 Maroussi Greece

These financial statements constitute an integral part of the Group Annual Financial Report which can be found at <https://www.helpe.gr/en/investor-relations/quarterly-results/annual-and-interim-financial-reports/> and which incorporates the Independent Auditor’s Report.



## Statement of Financial Position

	Note	As at	
		31 December 2019	31 December 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2.693.794	2.684.237
Right-of-use assets	2,7	32.084	-
Intangible assets	8	8.704	4.799
Investments in subsidiaries, associates and joint ventures	9	1.045.138	1.032.372
Investment in equity instruments	3	965	318
Loans, advances and long-term assets	10	22.089	8.887
		<b>3.802.774</b>	<b>3.730.613</b>
<b>Current assets</b>			
Inventories	11	899.760	893.859
Trade and other receivables	12	791.257	643.261
Income tax receivable	29	87.616	38.294
Derivative financial instruments	23	3.474	-
Cash and cash equivalents	13	888.564	1.070.377
		<b>2.670.671</b>	<b>2.645.791</b>
<b>Total assets</b>		<b>6.473.445</b>	<b>6.376.404</b>
<b>EQUITY</b>			
Share capital and share premium	14	1.020.081	1.020.081
Reserves	15	283.106	262.263
Retained Earnings		935.648	864.333
<b>Total equity</b>		<b>2.238.835</b>	<b>2.146.677</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	17	1.607.838	1.657.598
Lease liabilities	2,18	21.264	-
Deferred income tax liabilities	19	182.065	151.873
Retirement benefit obligations	20	147.074	132.539
Provisions	21	22.797	37.858
Other non-current liabilities	20	13.620	14.810
		<b>1.994.658</b>	<b>1.994.678</b>
<b>Current liabilities</b>			
Trade and other payables	16	1.271.809	1.226.107
Derivative financial instruments	23	-	16.387
Income tax payable	29	5.785	76.322
Interest bearing loans and borrowings	17	875.576	915.350
Lease liabilities	2,18	9.919	-
Dividends payable		76.863	883
		<b>2.239.952</b>	<b>2.235.049</b>
<b>Total liabilities</b>		<b>4.234.610</b>	<b>4.229.727</b>
<b>Total equity and liabilities</b>		<b>6.473.445</b>	<b>6.376.404</b>

The Notes on pages 9 to 67 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27 February 2020.

A. Shiamishis

C. Thomas

S. Papadimitriou

Chief Executive Officer

Chief Financial Officer

Accounting Director

## Statement of Comprehensive Income

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Revenue from contracts with customers</b>	<b>5</b>	<b>8.023.563</b>	<b>8.967.702</b>
Cost of sales		(7.563.197)	(8.287.696)
<b>Gross profit</b>		<b>460.366</b>	<b>680.006</b>
Selling and distribution expenses	24	(104.209)	(99.248)
Administrative expenses	24	(85.966)	(95.795)
Exploration and development expenses	25	(2.289)	(875)
Other operating income / (expenses) and other gains / (losses)	26	(6.058)	(8.356)
<b>Operating profit</b>		<b>261.844</b>	<b>475.732</b>
Finance income	27	10.510	9.442
Finance expense	27	(115.800)	(136.636)
Lease finance cost	18,27	(967)	-
Dividend income	9	195.416	318.795
Currency exchange gains / (losses)	28	(910)	2.244
<b>Profit before income tax</b>		<b>350.093</b>	<b>669.577</b>
Income tax expense	29	(33.734)	(146.187)
<b>Profit for the year</b>		<b>316.359</b>	<b>523.390</b>
<b>Other comprehensive income / (loss):</b>			
<b>Other comprehensive income / (loss), that will not be reclassified to profit or loss (net of tax):</b>			
Actuarial losses on defined benefit pension plans	15	(9.835)	(10.878)
Changes in the fair value of equity instruments	15	469	(675)
		<b>(9.366)</b>	<b>(11.553)</b>
<b>Other comprehensive income / (loss), that may be reclassified subsequently to profit or loss (net of tax):</b>			
Fair value gains / (losses) on cash flow hedges	15	12.890	(5.006)
Recycling of (gains) / losses on hedges through comprehensive income	15	1.501	(14.920)
<b>Other Comprehensive income / (loss) for the year, net of tax</b>		<b>5.025</b>	<b>(31.479)</b>
<b>Total comprehensive income for the year</b>		<b>321.384</b>	<b>491.911</b>
<b>Earnings per share</b> (expressed in Euro per share)	<b>30</b>	<b>1,04</b>	<b>1,71</b>

The Notes on pages 9 to 67 are an integral part of these financial statements.

## Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
<b>Balance at 1 January 2018 (as originally presented)</b>		<b>1.020.081</b>	<b>360.694</b>	<b>428.448</b>	<b>1.809.223</b>
Effect of changes in accounting policy	2	-	166	(1.124)	(958)
<b>Restated total equity as at 1 January 2018</b>		<b>1.020.081</b>	<b>360.860</b>	<b>427.324</b>	<b>1.808.265</b>
Actuarial losses on defined benefit pension plans	15	-	(10.878)	-	(10.878)
Changes in the fair value of equity instruments	15	-	(675)	-	(675)
Fair value gains / (losses) on cash flow hedges	15	-	(5.006)	-	(5.006)
Recycling of gains / (losses) on hedges through comprehensive income	15	-	(14.920)	-	(14.920)
<b>Other comprehensive income / (loss)</b>		<b>-</b>	<b>(31.479)</b>	<b>-</b>	<b>(31.479)</b>
Profit for the year		-	-	523.390	523.390
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(31.479)</b>	<b>523.390</b>	<b>491.911</b>
Share based payments	14	-	(93)	(1.121)	(1.214)
Acquisition of Treasury Shares	14	-	(683)	-	(683)
Issue of Treasury shares to employees	14	-	1.214	-	1.214
Dividends	31	-	(76.408)	(76.408)	(152.816)
Transfer to statutory reserve	15	-	26.170	(26.170)	-
Transfers from reserves to retained earnings	15	-	(17.318)	17.318	-
<b>Balance at 31 December 2018</b>		<b>1.020.081</b>	<b>262.263</b>	<b>864.333</b>	<b>2.146.677</b>
Actuarial losses on defined benefit pension plans	15	-	(9.835)	-	(9.835)
Changes in the fair value of equity instruments	15	-	469	-	469
Fair value gains / (losses) on cash flow hedges	15	-	12.890	-	12.890
Recycling of gains / (losses) on hedges through comprehensive income	15	-	1.501	-	1.501
<b>Other comprehensive income / (loss)</b>		<b>-</b>	<b>5.025</b>	<b>-</b>	<b>5.025</b>
Profit for the year		-	-	316.359	316.359
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>5.025</b>	<b>316.359</b>	<b>321.384</b>
Dividends	31	-	-	(229.226)	(229.226)
Transfer to statutory reserve	15	-	15.818	(15.818)	-
<b>Balance at 31 December 2019</b>		<b>1.020.081</b>	<b>283.106</b>	<b>935.648</b>	<b>2.238.835</b>

The Notes on pages 9 to 67 are an integral part of these financial statements.

## Statement of Cash flows

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	32	459.810	557.196
Income tax received / (paid)		(143.204)	2.224
<b>Net cash generated from / (used in) operating activities</b>		<b>316.606</b>	<b>559.420</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment & intangible assets	6,8	(160.831)	(101.318)
Proceeds from disposal of property, plant and equipment & intangible assets		1.074	-
Dividends received		45.416	318.795
Interest received	27	10.510	9.442
Participation in share capital increase of subsidiaries and joint ventures	9	(22.680)	(21.054)
Settlement of consideration of acquisition of further equity interest in subsidiary	9	-	(39.000)
Sale of investment in subsidiaries to related parties		-	7.000
<b>Net cash generated from / (used in) investing activities</b>		<b>(126.511)</b>	<b>173.865</b>
<b>Cash flows from financing activities</b>			
Interest paid		(117.527)	(131.965)
Dividends paid		(150.085)	(148.767)
Loans to affiliated companies		-	(3.600)
Acquisition of treasury shares	14	-	(683)
Proceeds from borrowings		231.420	440.748
Repayments of borrowings		(329.168)	(491.303)
Payment of lease liabilities - principal	18	(7.694)	-
Payment of lease liabilities - interest	18	(967)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>(374.021)</b>	<b>(335.570)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(183.926)</b>	<b>397.715</b>
<b>Cash and cash equivalents at the beginning of the year</b>	13	<b>1.070.377</b>	<b>667.599</b>
Exchange gains / (losses) on cash and cash equivalents		2.113	5.063
Net increase / (decrease) in cash and cash equivalents		(183.926)	397.715
<b>Cash and cash equivalents at the end of the year</b>	13	<b>888.564</b>	<b>1.070.377</b>

The Notes on pages 9 to 67 are an integral part of these financial statements.

## Notes to the financial statements

### 1 General information

Hellenic Petroleum S.A. (the “Company”) operates in the energy sector with its principal activities being those of refining of crude oil and sale of oil products and the production and marketing of petrochemical products. The Company is also engaged in exploration and production of hydrocarbons.

The Company is incorporated in Greece and the address of its registered office is 8<sup>A</sup> Chimarras Str. Maroussi, Greece. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 27 February 2020. The shareholders of the Company have the power to amend the financial statements after their issuance.

### 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

These financial statements are separate financial statements. The consolidated financial statements are available on the Company’s website and also include a list of significant investments in subsidiaries, joint ventures and associates.

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union (“EU”) and present the financial position, results of operations and cash flows on a going concern basis. Management has concluded that the going concern basis of preparation of the accounts is appropriate.

The financial statements have been prepared in accordance with the historical cost basis, except for the following:

- Financial instruments – some of which are measured at fair value;
- Defined benefit pension plans – plan assets measured at fair value;
- Assets held for sale – measured at the lower of carrying value and fair value, less cost to sell.

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 “Critical accounting estimates and judgements”. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

#### 2.1.1 New standards, amendments to standards and interpretations

##### *New and amended standards adopted by the Company*

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2018 and have been

consistently applied in all periods presented in this report, except for the following IFRSs, which have been adopted by the Company as of 1 January 2019.

The Company applied for the first time IFRS 16 (Leases) and disclosed below, as required by IFRSs, the nature and effect of these changes. Several other amendments and interpretations were also applied for the first time in 2019 but, other than the classification effect of IFRIC 23, they do not have a significant impact on the financial statements of the Company for the year ended 31 December 2019.

- *IFRS 16 “Leases”*: IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single, on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The comparative figures have not been restated. The Company applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Company elected to use the recognition exemptions proposed by the standard for lease contracts that, at the commencement date have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’) and lease contracts for which the underlying asset is of low value (‘low-value assets’). Finally the Company decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	Note	1 January 2019
<b>ASSETS</b>		
Right of use assets	7	25.744
<b>LIABILITIES</b>		
Lease liabilities	18	25.744

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of commercial properties, plant & machinery and motor vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Trade and other receivables and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

- Leases previously classified as finance leases

The Company did not have any finance leases as at 1 January 2019.

- Leases previously accounted for as operating leases:

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients whereby it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

For the year ended 31 December 2019 the effect of the application of IFRS 16 in the statement of comprehensive income, is:

	Note	<b>For the year ended 31 December 2019</b>
<b>Decrease in operating expenses &amp; cost of sales</b>		<b>8.661</b>
Depreciation expense for right-of-use assets	7	(6.793)
Interest expense on lease liabilities	27	(967)
<b>Total cost of leases in scope of IFRS 16</b>		<b>(7.760)</b>
<b>Net increase in net income before tax</b>		<b>901</b>

b) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment on their own, or together with the cash generating unit to which they belong.

- Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to

terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

- Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered of low value (i.e., below five thousand Euros). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

During 2019, the IFRS Interpretations Committee (the “Committee”) issued, among others, a summary of decisions reached in its public meetings to clarify interpretations in respect to IFRS 16 on the following topics:

- Subsurface rights

The Committee concluded that the arrangement, presented in its decision, where a pipeline operator obtains the right to place a pipeline in an underground space constitutes a lease and therefore this arrangement as presented in this decision should be in scope of IFRS 16. As disclosed in Note 7, the Company operates a number of subsurface pipelines within the boundaries of various municipalities, in accordance with relevant laws, without the requirement to pay any compensation for them. As described in Note 33 of these financial statements, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The Company has appealed against such amounts imposed as described in the note and believes the outcome will be favourable. The Company considers these do not fall within the scope of IFRS 16 as there is no requirement to pay compensation.

- Lease term

The Committee issued a decision that in assessing the notion of no more than an insignificant penalty, when establishing the lease term, the analysis should not only capture the termination penalty payment specified in the contract, but use a broader economic consideration of penalty and thus include all kinds of possible economic outflows related to termination of the contract. The Company applies this decision and uses judgment in estimating the lease term, especially in cases, where the agreements do not provide for a predetermined term, such as rights of use of coastal zones as described in Note 7. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.



- Lessor accounting

The Company enters into certain sublease agreements with third parties and therefore, acts as an intermediate lessor. In classifying a sublease, the Company acting as the intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying paragraph 6 of the standard, the sublease shall be classified as an operating lease.

(b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Company has assessed all subleases it enters into based on the above criteria and classifies these as either operating or finance. As at 31 December 2019, all leases where the Company acts as an intermediate lessor were assessed and evaluated as operating.

- *IFRS 9 (Amendment) “Prepayment features with negative compensation”*. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be ‘negative compensation’), to be measured at amortised cost or at fair value through other comprehensive income.
- *IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”*. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.
- *IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”*. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company’s tax filings include income tax deductions and the tax authorities may challenge the deductibility thereof. The Company determined, that the tax treatment adopted will be accepted by the tax authorities. The Interpretation did not have an impact on the Company’s financial statements. As a result of IFRIC 23 and related IFRIC decisions the Company proceeded to reclassify its income tax receivables from trade and other receivable line to a separate line in the statement of financial position.
- *IAS 19 (Amendments) “Plan Amendment, Curtailment or Settlement”*. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.
- *Annual Improvements to IFRSs (2015 – 2017 Cycle)*, is a collection of amendments to IFRSs.
  - *IFRS 3 “Business Combinations and IFRS 11 Joint Arrangements”*. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - *IAS 12 “Income Taxes”*. The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits has been recognised.

- *IAS 23 “Borrowing Costs”*. The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

***Standards issued but not yet effective and not early adopted***

The Company has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective. In addition, the Company assessed all standards, interpretations and amendments issued but not yet effective and concluded that they will not have any significant impact on the financial statements.

- *IFRS 10 (Amendment) “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.
- *“Conceptual Framework in IFRS standards”*. The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, *“Amendments to References to the Conceptual Framework in IFRS Standards”*, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.
- *IFRS 3 Business Combinations (Amendments)*: The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.
- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of ‘material’ (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity’. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.
- *IFRS 9, IAS 39 and IFRS 7 (Amendments) “Interest rate benchmark reform”*: The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- *IAS 1 Presentation of Financial Statements “Classification of Liabilities as Current or Non-current (Amendments)”*. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

## **2.2 Investments in subsidiaries, associates and joint ventures**

Investments are presented at the cost of the interest acquired in the subsidiaries, associates, and joint ventures less any provisions for impairment.

## **2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee which is comprised of the Chairman of the Board of Directors, the Chief Executive Officer and the General Managers of the Company, is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. The Company’s key operating segments are disclosed in Note 5.

## **2.4 Foreign currency translation**

### *(a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euro, which is the Company’s functional and presentation currency. Given that the Company’s primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. The Company translates this value to Euro at the time of any transaction.

### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

For transactions that include the receipt or payment of advance consideration in a foreign currency the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

Foreign exchange gains and losses are presented in the same line as the transaction they relate to, in the statement of comprehensive income, except those that relate to borrowings and cash, which are presented in a separate line (“Currency exchange gains/ (losses)”).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## 2.5 Property, plant and equipment

Property, plant and equipment is comprised mainly of land, buildings, plant and machinery, motor vehicles and transportation means and furniture and fixtures. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss of the statement of comprehensive income as incurred. Refinery turnaround costs that take place periodically are capitalised and charged to profit or loss on a straight line basis until the next scheduled turnaround, to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Assets under construction are assets (mainly related to the refinery units) that are in the process of construction or development, and are carried at cost. Cost includes cost of construction, professional fees and other direct costs. Assets under construction are not depreciated, as the corresponding assets are not yet available for use.

Land is also not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful economic life, as shown on the table below for the main classes of assets:

– Buildings	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years
▪ Pipelines	30 – 40 years
▪ Other equipment	5 – 10 years
– Vehicles and means of transportation	5 – 25 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Specialised industrial installations include refinery units, petrochemical plants and tank facilities.

The assets' residual values and estimated useful economic lives are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (Note 2.9).

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss, which is determined by comparing the proceeds with the carrying amount, is included in the statement of comprehensive income, within "other operating income/(expenses) and other gains/(losses)".

## 2.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred.

## **2.7 Intangible assets**

### *(a) Licences and rights*

Licenses and rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is being calculated using the straight-line method to allocate their cost over their estimated useful lives, which usually range from 3 to 25 years.

### *(b) Computer software*

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (1 to 5 years).

## **2.8 Exploration for and evaluation of mineral resources**

### *(a) Exploration and evaluation assets*

During the exploration period and before a commercially viable discovery, oil and natural gas exploration and evaluation expenditures are expensed. Geological and geophysical costs as well as costs directly associated with an exploration are expensed as incurred. Exploration property leasehold acquisition costs are capitalised within intangible assets and amortised over the period of the licence or in relation to the progress of the activities if there is a substantial difference. Upstream exploration rights are included in licenses and rights in intangible assets.

### *(b) Development of tangible and intangible assets*

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalised within tangible and intangible assets according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and / or amortisation is charged during development.

### *(c) Oil and gas production assets*

Oil and gas production assets are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved reserves. The Company has not recognised any such assets, as it is currently in the first stages of exploration and evaluation.

### *(d) Depreciation/amortisation*

Oil and gas properties/intangible assets are depreciated/amortised using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

### *(e) Impairment – exploration and evaluation assets*

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

*(f) Impairment – proved oil and gas properties and intangible assets*

Proven oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

## **2.9 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether an indication of impairment exists. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's, or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

## **2.10 Financial assets**

### **2.10.1 Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.23 "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within (a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

#### *(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

#### *(b) Financial assets at amortized cost*

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### *(c) Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss of the statement of comprehensive income, when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

## **2.10.2 Derecognition and impairment**

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired; Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant estimates and assumptions, Note 4
- Trade receivables, Note 12

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **2.10.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **2.11 Derivative financial instruments and hedging activities**

As part of its risk management policy, the Company utilises currency and commodity derivatives to mitigate the impact of volatility in commodity prices and foreign exchange rates. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in other comprehensive income, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The documentation also includes both at hedge inception and on an ongoing basis how it will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



The instruments used for this risk management include commodity exchange traded contracts (ICE futures), full refinery margin forwards, product price forward contracts or options.

#### *Cash flow hedges*

The effective portion of changes in the fair value of these derivatives is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within "Other operating income/ (expenses) and other gains/ (losses)". Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the derivative is de-designated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within "Other operating income/(expenses) and other gains/(losses)".

#### *Derivatives held for trading*

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value of the derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

### **2.12 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to Property, Plant and Equipment received by the Company are initially recorded as deferred government grants and included in "Other non-current liabilities". Subsequently, they are credited to the statement of comprehensive income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

### **2.13 Inventories**

Inventories comprise crude oil and other raw materials, refined and semi-finished products, petrochemicals, merchandise, consumables and other spare parts.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, where applicable. Spare parts consumed within a year are carried as inventory and recognised in profit or loss when consumed.

### **2.14 Trade receivables**

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables include bills of exchange and promissory notes from customers.

For trade receivables, which are not in default the Company applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed

on a case-by-case basis. The amount of the provision is recognised in the statement of comprehensive income and is included in “Selling and distribution expenses”.

## **2.15 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

## **2.16 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

## **2.17 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

In cases where an existing borrowing of the Company is renegotiated, this might result in modification or an exchange of borrowings with the lenders that could be carried out in a number of ways. Whether a modification or exchange of borrowings represents a settlement of the original debt, or merely a renegotiation of that debt, determines the accounting treatment that should be applied by the borrower. When the terms of the existing borrowings are substantially different from the terms of the modified or exchanged borrowings, such a modification or exchange is treated as an extinguishment of the original borrowing and the recognition of a new liability; any difference in the respective carrying amount is recognised in profit and loss in the statement of comprehensive income.

The Company considers the terms to be substantially different if either the discounted present value of the future cash flows under the new terms, including any costs or fees incurred, using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original borrowing or there is a substantial change in the terms from a qualitative perspective. Qualitative factors may include:

- the currency in which the borrowing is denominated;
- the interest rate (that is fixed versus floating rate);

- changes in covenants.

## **2.18 Current and deferred income tax**

The tax expense or credit for the period comprises current and deferred tax.

The income tax expense or credit for the period is the tax estimated on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period that generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Any interest and penalties arising on uncertain tax positions are considered as part of income tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets are reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

## **2.19 Employee benefits**

### *(a) Pension obligations*

The Company has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate State pension fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined benefit pension plan

Under Greek labour laws, employees and workers are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's or worker's compensation and length of service. This program is considered as a defined benefit plan.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense (except where included in the cost of an asset), reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss in the statement of comprehensive income.

Defined contribution plans

The Company's employees are covered by one of several Greek State sponsored pension funds which relates to the private sector and provides pension and pharmaceutical benefits. Each employee is required to contribute a portion of their monthly salary to the funds, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Group has no legal or constructive obligation to pay future benefits under this plan.

*(b) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

*(c) Share-based compensation*

Employees may receive remuneration in the form of share-based payments as part of a share option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company may issue new shares. In that case, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

*(d) Short-term paid absences*

The Company recognises the expected cost of short-term employee benefits in the form of paid absences in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

## **2.20 Trade and other payables**

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## **2.21 Provisions**

Provisions for restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

## **2.22 Environmental liabilities**

The Company has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Company has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

The obligation of the Company to meet its CO<sub>2</sub> emission targets is treated as follows: European ETS register allocates emission rights to refineries annually. Allowances received or purchased are recognised at cost. A provision is recognised for the net obligation payable for the emission quantities that exceed the pre-allocated allowances, after taking into account any purchases of emission certifications. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation, net of any certificates purchased. This will be the market price at the balance sheet date of the allowances required to cover any emissions deficit made to date.

## **2.23 Revenue recognition**

### *(a) Revenue from contracts with customers*

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent

that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transaction and depend mainly on the products sold or services rendered, the distribution channels, as well as each customer's specifics.

The Company assesses whether it acts as a principal or agent in each of its revenue arrangements. The Company has concluded that in all sales transactions it acts as a principal.

Revenue is recognised as follows:

*Sales of goods – wholesale*

Revenue is recognised when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods). If a contract contains more than one performance obligation, the total transaction price of the contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices. The amount of revenue recognized is the amount allocated to the satisfied performance obligation based on the consideration that the Company expects to receive in accordance with the terms of the contracts with the customers.

*Provision of services*

For sales of services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*Variable consideration*

If the consideration in a contract includes a variable amount, the Company recognizes this amount as revenue only to the extent that it is highly probable that a significant reversal will not occur in the future.

*Volume discounts*

The Company provides volume discounts to customers based on thresholds specified in the respective contracts. Options for volume related discounts are assessed by the Company to determine whether they constitute a material right that the customer would not receive without entering into that contract. For all such options that are considered as material rights, the Company assesses the likelihood of its exercise and then the portion of the transaction price allocated to the option is deferred and recognized when it is either exercised or lapsed.

Under the new requirements, the Company concluded that volume discounts constitute a material right which should be recognized over time up to the point it is either exercised or lapsed. All such discounts are accrued within the financial year.

*(b) Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

*(c) Dividend income*

Dividend income is recognised when the right to receive payment is established.

## **2.24 Leases (IAS 17 applicable up to 31 December 2018)**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent

on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

#### *Company as lessee*

Leases of property plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### *Company as lessor*

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

As from 1 January 2019 this accounting policy has been updated based on the new IFRS 16, as described in 2.1.1

### **2.25 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and appropriately authorised, or approved by the Company's Shareholders' General Meeting. Interim dividends proposed by the Board of Directors are recognized as liabilities upon proposal.

### **2.26 Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 requirements and the amount initially recognised less, when appropriate, the cumulative amount of income.

### **2.27 Changes in accounting policies**

The Company adopted the amendments described in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2019.

### **2.28 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### **3 Financial risk management**

#### **3.1 Financial risk factors**

The Company's activities are primarily centred on Downstream Refining (incl. Petrochemicals) & Marketing of petroleum products; with secondary activities relating to exploration of hydrocarbons. As such, the Company is exposed to a variety of financial and commodity markets' risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Company to the extent possible. In general, the key factors that impact the Company's operations are summarised as follows:

*Greek Macros:* The Greek economy boosted its growth momentum in the period from January to September 2019, despite the slowdown on a global level. Positive developments in the financial sector have taken place, including increased deposits and improved lending conditions for banks. Confidence in the banking sector has grown significantly and restrictions on capital movements have been fully abolished since 1 September.

GDP grew by 2,3% in the third quarter of 2019, compared to the corresponding period of 2018 (GDP increase in the first 9 months of 2019 was 2,1%), mainly driven by higher exports of goods and services, private sector investments, as well as increased private consumption and decreased imports of goods. On the other hand, an increase in imports of services limited a further upward performance.

Total domestic fuels consumption for the year increased by 2,8%, compared to 2018, mainly supported by significantly higher demand for heating gasoil, which is attributed to lower temperatures during the first quarter of the year. Net demand for motor fuels marginally increased by 0,4%, driven by higher auto diesel consumption (+1,6%) and lower gasoline demand (-0,7%).

The Greek economy still faces a number of significant challenges, such as the relatively low growth rates, comparing to the other countries in the Eurozone and the lower than the investment class Greek government's credit rating. At the same time, there are significant risks and uncertainties coming from the external environment, such as the slowdown in global economic activity due to growing trade protectionism and geopolitical tensions. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Company's operations.

*United Kingdom's exit from the European Union:* The Company is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, Hellenic Petroleum Finance Plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. It is uncertain, how the exit of the UK from the EU will affect existing HPF Eurobonds, as well as the Company's funding from international debt capital markets. The Company is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding through the international debt capital markets.

*Currency:* The Company's business is naturally hedged against functional currency risk. All petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. All international purchases and sales of crude oil and products are conducted in USD and all sales into local markets are either in USD prices or converted to local currency for accounting and settlement reasons using the USD reference on the date of the transaction.

*Prices:* Commodity price risk management is supervised by a Risk Management Committee which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Company's operating units.

*Securing continuous crude oil supplies:* During the last 2,5 years crude oil reference prices have partially recovered, following a 3-year period of contraction (June 2014 – June 2017), averaging \$64/bbl in 2019. Nonetheless, the cost of crude, for both sweet and especially sour grades, which represent the key source of



feedstock for complex refiners like Hellenic Petroleum, remains at reasonable levels, maintaining the competitive position of Med refiners vs. their global peers. Concerning the USA's decision for the re-imposition of the nuclear-related sanctions against Iran, Hellenic Petroleum has successfully managed to replace the Iranian oil supply with other alternatives in the region, without any significant effect in the continuity and cost of its operations (Note 16).

*Financing of operations:* The key priorities of the Company are the management of the 'Assets and Liabilities' maturity profile, ensuring adequate financing capacity, in accordance with its strategic investment plans and liquidity risk management for its operational needs. As a result and in line with its medium term strategic plans and commercial requirements, Hellenic Petroleum maintains a mix of long term, medium term and short term credit facilities by taking into consideration banks' and debt capital markets' credit capacity. Approximately 67% of total debt comprises medium to long-term committed credit lines while the remaining debt consists predominantly of short term credit facilities. Additional information is disclosed in paragraph (c) Liquidity risk below and Note 17.

*Capital management:* Another key priority of the Company has been the management of its Assets. Overall the Company has around €3,8 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short-term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Company's investment plan, during the period 2007-2012, net debt level has increased to 42% of total capital employed while the remaining is financed through shareholders equity. The Company has started reducing its net debt levels through utilisation of the incremental operating cashflows, post completion and operation of the new Elefsina refinery. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) *Market risk*

(i) Foreign exchange risk

As explained in note 2.4, the functional currency and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Company's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated, that at 31 December 2019 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €9 million lower, as a result of foreign exchange losses on translation of US dollar denominated receivables, payables, cash and borrowings.
- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result the Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.
- **Local subsidiaries exposure:** Where the Company operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Company seeks to manage this exposure by transferring the exposure

for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Company.

(ii) Commodity price risk

The Company's primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered attractive, from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions.

(iii) Cash flow and fair value interest rate risk

The Company's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are at variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2019, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been €12 million lower.

(b) *Credit risk*

(i) Risk Management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

(ii) Credit quality

The credit quality of cash, cash equivalents and restricted cash is assessed by reference to external credit ratings obtained from S&P, Fitch and Moody's in the table below:

<i>Bank rating (in €million)</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
A	40	0
BBB	279	462
BBB-	5	1
CCC+	412	-
CCC	136	579
CCC-	17	30
<b>Total</b>	<b>889</b>	<b>1.070</b>

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee monitors material credit exposures on a Group wide basis. See Note 12 for further disclosure on credit risk.

*(c) Liquidity risk*

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom, through committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Company, and in order to achieve better commercial terms (e.g. better pricing, higher credit limits, longer payment terms), the Company provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Company's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc.

The Company's plans with respect to facilities expiring within the next 12 months are presented below, in million Euros.

<i>(€million)</i>	<b>1H20</b>	<b>2H20</b>	<b>2020</b>	<b>Schedule for repayment</b>	<b>Schedule for refinancing</b>
<b>Contractual Term Facilities</b>					
European Investment Bank ("EIB") Term loan	22	22	44	44	-
Bond loan €400 million	-	225	225	-	225
<b>Other credit lines (callable on demand)</b>					
Bilateral / Factoring with recourse	-	-	607	-	-
<b>Total</b>	<b>22</b>	<b>247</b>	<b>876</b>	<b>44</b>	<b>225</b>

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the year-end to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	<b>Note</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>
<b>31 December 2019</b>				
Borrowings	<b>17</b>	876.670	1.583.672	33.000
Lease liabilities	<b>18</b>	7.964	17.712	4.540
Trade and other payables		1.239.360	-	-
<b>31 December 2018</b>				
Borrowings	<b>17</b>	1.025.165	1.765.196	3.680
Derivative financial instruments	<b>23</b>	16.387	-	-
Trade and other payables		1.199.786	-	-

The amounts included as loans in the table above do not correspond to the balance sheet amounts as they are contractual (undiscounted) cash flows which include capital and interest.

Trade and other payables do not correspond to the balance sheet amounts as they include only financial liabilities.

### 3.2 Capital risk management

The Company's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern, to have in place an optimal capital structure from a cost perspective and at the same time to ensure that the requirements of loan financial covenants are met.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry convention, the Company monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & cash equivalents" and "Investments in equity instruments". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios as at 31 December 2019 and 2018 were as follows:

		As at	
	Note	31 December 2019	31 December 2018
Total Borrowings	17	2.483.414	2.572.948
Less: Cash and cash equivalents	13	(888.564)	(1.070.377)
Less: Investment in equity instruments	3.3	(965)	(318)
<b>Net debt (excl. lease liabilities)</b>		<b>1.593.885</b>	<b>1.502.253</b>
Total Equity		2.238.835	2.146.677
<b>Total Capital Employed (excl. lease liabilities)</b>		<b>3.832.720</b>	<b>3.648.930</b>
<b>Gearing ratio (excl. lease liabilities)</b>		<b>42%</b>	<b>41%</b>
Lease liabilities	18	31.183	-
<b>Net debt (incl. lease liabilities)</b>		<b>1.625.068</b>	<b>1.502.253</b>
<b>Total Capital Employed (incl. lease liabilities)</b>		<b>3.863.903</b>	<b>3.648.930</b>
<b>Gearing ratio (incl. lease liabilities)</b>		<b>42%</b>	<b>41%</b>

### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019:

	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Derivatives used for hedging	-	3.474	-	3.474
Investment in equity instruments	965	-	-	965
	<b>965</b>	<b>3.474</b>	<b>-</b>	<b>4.439</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Investment in equity instruments	318	-	-	318
	<b>318</b>	<b>-</b>	<b>-</b>	<b>318</b>
<b>Liabilities</b>				
Derivatives held for trading	-	66	-	66
Derivatives used for hedging	-	16.321	-	16.321
	<b>-</b>	<b>16.387</b>	<b>-</b>	<b>16.387</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

There were no changes in valuation techniques during the year. For the years ended 31 December 2019 and 31 December 2018, there were no transfers between levels.

The fair value of the following financial assets and liabilities approximate their carrying amount, due to their short-term nature:

- Trade receivables

- Cash and cash equivalents
- Trade and other payables
- Borrowings

#### **4 Critical accounting estimates and judgements**

Estimates and judgements are continuously evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Critical accounting estimates and assumptions

*(a) Income taxes*

The Company is subject to periodic audits by tax authorities and the assessment process for determining the company's current and deferred tax balances is complex and involves high degree of estimation and judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, Management takes into account past experience with similar cases, as well as the advice of tax and legal experts in order to analyze the specific facts and circumstances, interpret the relevant tax legislation, assess other similar positions taken by the tax authorities to form a view about whether its tax treatments will be accepted by the tax authorities, or whether a provision is needed. Where the Company is required to make payments in order to appeal against positions of tax authorities and the Company assesses that it is more probable than not to win its appeal, the respective payments are recorded as assets, as these advance payments will be returned to the Company, if the Company's position is upheld. In case the Company determines a provision is needed for the outcome of the uncertain tax position, any amounts already paid are deducted from the said provision.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(b) Recoverability of deferred tax assets*

Deferred tax assets include certain amounts which relate to carried forward tax losses. Such tax losses are available for set off for a limited period of time since they are incurred. The Company makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

*(c) Provision for environmental restoration*

The Company operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Company's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Company's statement of comprehensive income is impacted.

*(d) Estimates in value-in-use calculations*

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount of a cash-generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. These growth rates are consistent with forecasts included in country or industry reports specific to the country and industry in which each CGU operates. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Note 6, for Property, Plant and Equipment, and Note 9 for Investments in Subsidiaries, Associates and Joint Ventures.

*(e) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and certain investments in equity instruments) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

*(f) Provision for expected credit losses of receivables*

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on the Company's historical credit loss experience, calibrated to adjust the historical credit loss experience with forward-looking information specific to the debtors and the economic environment. At each year end, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed credit losses, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

*(g) Retirement benefit obligations*

The present value of the pension obligations for the Company's defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) for pensions include the discount rate and salary rate increases. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency and jurisdiction in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

*(h) Depreciation of property, plant and equipment*

The Company periodically assesses the useful lives of its property, plant and equipment to determine whether the original estimated lives continue to be appropriate. To this respect, the Company may obtain technical studies and use external sources to determine the lives of its assets, which can vary depending on a variety of factors such as technological innovation and maintenance programs.

(ii) Critical judgements in applying the Company's accounting policies

(i) *Impairment of non-current assets and investments in subsidiaries, associates and joint ventures*

The Company assesses at each reporting date, whether indicators for impairment exist, for its non-financial assets (Note 2.9) and its investments in subsidiaries, associates and joint ventures. The assessment includes both external and internal factors which include inter-alia, significant changes with an adverse effect in the regulatory or technological environment or evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be worse than expected. If any indication exists, the Company estimates the asset's, or cash generating unit's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the cash generating units at which the respective assets are tested.

(j) *Provisions for legal claims*

The Company has a number of legal claims pending against it (Note 33). Management uses its judgement, as well as the available information from the Legal department to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is recognised. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(k) *Determination of lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate). Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## 5 Segment information

All critical operating decisions are made by the Executive Committee, which reviews the Company's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations. Information provided to the committee is measured in a manner consistent with that of the financial statements.

The Company's key operating segments are:

a) *Refining, Supply and Trading (Refining)*

Activities revolve around the operation of the Company's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m<sup>3</sup> of crude oil and petroleum products.



b) *Petrochemicals*

Petrochemical activities mainly focus on the production and marketing of polypropylene, BOPP films and solvents, as well as the trading of imported plastics and chemicals. The polypropylene production plant in Thessaloniki mainly receives propylene produced in the Aspropyrgos refinery. Part of the production of the produced polypropylene is the raw material used in the BOPP film production unit in Komotini.

More information about the activities of the Company's key operating segments can be found in the consolidated Annual Report of the Hellenic Petroleum Group.

Financial information regarding the Company's operating segments for the years ended 31 December 2019 and 2018 are presented below:

Year ended 31 December 2019	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Revenue from contracts with customers		7.724.295	299.268	-	-	8.023.563
<b>EBITDA</b>		<b>346.671</b>	<b>82.687</b>	<b>(1.483)</b>	<b>(10.867)</b>	<b>417.008</b>
Depreciation and amortisation (PPE & Intangibles)	<b>6,8</b>	(142.652)	(5.341)	(378)	-	(148.371)
Depreciation of right-of-use assets	<b>7</b>	(6.367)	(406)	(10)	(10)	(6.793)
<b>Operating profit / (loss)</b>		<b>197.652</b>	<b>76.940</b>	<b>(1.871)</b>	<b>(10.877)</b>	<b>261.844</b>
Finance income/(expense)	<b>27</b>	(50.077)	(1.840)	-	(53.373)	(105.290)
Lease finance cost	<b>27</b>	(943)	(23)	(1)	-	(967)
Dividend income		-	-	-	195.416	195.416
Currency exchange gains/(losses)	<b>28</b>	(910)	-	-	-	(910)
<b>Profit / (Loss) before income tax</b>		<b>145.722</b>	<b>75.077</b>	<b>(1.872)</b>	<b>131.166</b>	<b>350.093</b>
Income tax expense	<b>29</b>					(33.734)
<b>Profit for the year</b>						<b>316.359</b>

*EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation*

Comparability to figures as of 31 December 2018, is affected by the adoption of IFRS 16, as of 1 January 2019 (Note 2).

**Hellenic Petroleum S.A.**  
Financial Statements in accordance with IFRS  
for the year ended 31 December 2019  
(All amounts in Euro thousands unless otherwise stated)

Year ended 31 December 2018	Refining	Petro-chemicals	Exploration & Production	Other	Total
Revenue from contracts with customers	8.652.986	314.716	-	-	8.967.702
<b>EBITDA</b>	<b>549.868</b>	<b>76.160</b>	<b>(5.067)</b>	<b>(4.476)</b>	<b>616.485</b>
Depreciation and amortisation (PPE & Intangibles)	<b>6,8</b> (136.071)	(3.686)	(979)	(17)	(140.753)
<b>Operating profit / (loss)</b>	<b>413.797</b>	<b>72.474</b>	<b>(6.046)</b>	<b>(4.493)</b>	<b>475.732</b>
Finance income/(expense)	<b>27</b> (92.870)	(1.817)	-	(32.507)	(127.194)
Dividend income	-	-	-	318.795	318.795
Currency exchange gains/(losses)	<b>28</b> 2.244	-	-	-	2.244
<b>Profit / (Loss) before income tax</b>	<b>323.171</b>	<b>70.657</b>	<b>(6.046)</b>	<b>281.795</b>	<b>669.577</b>
Income tax expense	<b>29</b>				(146.187)
<b>Profit for the year</b>					<b>523.390</b>

*EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation*

“Exploration & Production” includes costs relevant to the exploration and production of hydrocarbons, mainly within blocks where the Company holds the relevant rights, either through full control or in partnership with other oil & gas companies, as described in Note 9.

“Other” includes mainly income from dividends and part of corporate costs, not directly related to the Company’s principal operating segments.

There were no changes in the basis of segmentation or in the basis of measurement of segmental profit or loss, as compared to the annual financial statements for the year ended 31 December 2018, other than the adoption of IFRS 16.

An analysis of the Company’s revenue from contracts with customers by type of market (domestic, aviation & bunkering and exports), is presented below:

Year ended 31 December 2019	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic		2.560.469	100.874	-	-	2.661.343
Aviation & Bunkering		1.232.927	-	-	-	1.232.927
Exports		3.930.899	198.394	-	-	4.129.293
<b>Revenue from contracts with customers</b>		<b>7.724.295</b>	<b>299.268</b>	<b>-</b>	<b>-</b>	<b>8.023.563</b>

Year ended 31 December 2018	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic	2.601.184	112.277	-	-	2.713.461
Aviation & Bunkering	1.249.509	-	-	-	1.249.509
Exports	4.802.294	202.439	-	-	5.004.733
<b>Revenue from contracts with customers</b>	<b>8.652.986</b>	<b>314.716</b>	<b>-</b>	<b>-</b>	<b>8.967.702</b>

The segment assets and liabilities at 31 December 2019 and 2018 are as follows:

Year ended 31 December 2019	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	4.854.697	415.209	2.531	1.195.223	<b>6.467.660</b>
Total Liabilities	2.832.700	33.985	18.998	1.343.142	<b>4.228.825</b>
Year ended 31 December 2018	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	4.979.937	361.507	2.546	1.032.414	<b>6.376.404</b>
Total Liabilities	3.071.172	37.343	17.590	1.103.622	<b>4.229.727</b>

Comparability to figures as of 31 December 2018, is affected by the adoption of IFRS 16, as of 1 January 2019 (Note 2). There has been no other material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the annual financial statements for the year ended 31 December 2018.

## 6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Means of transport	Furniture and fixtures	Assets Under Construction	Total
<b>Cost</b>							
As at 1 January 2018	142.850	534.559	3.900.635	15.453	89.474	83.287	4.766.258
Additions	-	74	2.409	18	1.242	93.705	97.448
Capitalised projects	-	7.295	84.449	112	631	(92.487)	-
Disposals	-	-	(65)	-	(51)	-	(116)
Impairment / Write-off	-	-	-	-	-	(850)	(850)
Transfers and other movements	-	-	5.243	-	-	(1.367)	3.876
As at 31 December 2018	<b>142.850</b>	<b>541.928</b>	<b>3.992.671</b>	<b>15.583</b>	<b>91.296</b>	<b>82.288</b>	<b>4.866.616</b>
<b>Accumulated Depreciation</b>							
As at 1 January 2018	-	216.487	1.741.434	10.814	78.351	-	2.047.086
Charge for the year	-	15.682	116.963	412	2.352	-	135.409
Disposals	-	-	(65)	-	(51)	-	(116)
As at 31 December 2018	-	<b>232.169</b>	<b>1.858.332</b>	<b>11.226</b>	<b>80.652</b>	-	<b>2.182.379</b>
Net Book Value at 31 December 2018	<b>142.850</b>	<b>309.759</b>	<b>2.134.339</b>	<b>4.357</b>	<b>10.644</b>	<b>82.288</b>	<b>2.684.237</b>
<b>Cost</b>							
As at 1 January 2019	142.850	541.928	3.992.671	15.583	91.296	82.288	4.866.616
Additions	-	27	1.140	12	2.201	154.325	157.705
Capitalised projects	-	4.861	110.684	124	1.006	(116.675)	-
Disposals	-	-	(388)	(20)	(22)	-	(430)
Impairment / Write-off	-	-	-	-	-	(1.255)	(1.255)
Transfers and other movements	-	-	1.206	-	(1)	(4.490)	(3.285)
As at 31 December 2019	<b>142.850</b>	<b>546.816</b>	<b>4.105.313</b>	<b>15.699</b>	<b>94.480</b>	<b>114.193</b>	<b>5.019.351</b>
<b>Accumulated Depreciation</b>							
As at 1 January 2019	-	232.169	1.858.332	11.226	80.652	-	2.182.379
Charge for the year	-	15.299	125.456	409	2.443	-	143.607
Disposals	-	-	(388)	(20)	(21)	-	(429)
As at 31 December 2019	-	<b>247.468</b>	<b>1.983.400</b>	<b>11.615</b>	<b>83.074</b>	-	<b>2.325.557</b>
Net Book Value at 31 December 2019	<b>142.850</b>	<b>299.348</b>	<b>2.121.913</b>	<b>4.084</b>	<b>11.406</b>	<b>114.193</b>	<b>2.693.794</b>

(1) The Company has not pledged any property, plant and equipment as security for borrowings.

- (2) Additions are mainly comprised of capital expenditure in the refining segment that relate to projects of long-term maintenance and upgrades of the refining units. These amounts are mainly included in assets under construction and are reclassified into the relevant asset class when the projects are completed.
- (3) During 2019 an amount of €2,8 million (2018: €2,5 million) in respect of interest has been capitalised within Assets under construction relating to the refining segment, at an average borrowing rate of 4,16% (2018: 5,11%).
- (4) Gains or losses from disposals are included within “Other income / (expenses) and other gains / (losses) (Note 26).
- (5) ‘Transfers and other movements’ include the transfer of computer software development costs to intangible assets and the transfer of spare parts for the refinery units between inventories and fixed assets.
- (6) The Company performed its annual assessment for indicators of impairment of property, plant and equipment in December 2019 and 2018. Based on this assessment, the Company concluded that there were no indications for impairment, therefore no formal impairment test was performed and no impairment charge was recorded. “Impairment/Write-off” for the year ended 31 December 2019, includes write offs of assets both from cost and accumulated depreciation. Such charges are included within “Other income / (expenses) and other gains / (losses) (Note 26).
- (7) Depreciation expense of €143,6 million (2018: €135,4 million) and amortisation expense of €4,8 million (2018: €5,3 million) is allocated in the following lines of the statement of comprehensive income:
- Cost of Sales €134,0 million (2018: €126,4 million),
  - Selling and distribution expenses €7,2 million (2018: €7,4 million),
  - Administration expenses €7,2 million (2018: €7,0 million)

## 7 Right-of-use assets

	<b>Commercial Properties</b>	<b>Plant &amp; Machinery</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>				
As at 1 January 2019	17.054	6.285	2.405	25.744
Additions	985	2.927	4.752	8.664
Modification	5.324	(343)	(512)	4.469
<b>As at 31 December 2019</b>	<b>23.363</b>	<b>8.869</b>	<b>6.645</b>	<b>38.877</b>
<b>Accumulated Depreciation</b>				
As at 1 January 2019	-	-	-	-
Charge for the period	4.644	1.134	1.015	6.793
<b>As at 31 December 2019</b>	<b>4.644</b>	<b>1.134</b>	<b>1.015</b>	<b>6.793</b>
<b>Net Book Value at 31 December 2019</b>	<b>18.719</b>	<b>7.735</b>	<b>5.630</b>	<b>32.084</b>

The Company leases a variety of assets in the course of its activities, such as office space, tanks and catalysts, as well as vehicles.

Part of the Company’s operations require the use of coastal zones. The Company has entered into an agreement with the State for the use of coastal zones in certain areas. There are, however other areas, where the Company uses coastal zones and for which no agreement exists. The State may periodically issue a notice for compensation for the use of the coastal zones for these areas. Upon adoption of IFRS 16, the Company concluded that the use of coastal zones could meet the criteria of an identified asset under IFRS 16, where an agreement exists. Where the terms of use by the Greek state, are determinable from the agreement, the Company recognizes a right of use asset within commercial properties and a lease liability representing its obligation to make payments. For other instances, where the Company uses coastal zones without an agreement, the Company considers that the arrangement does not constitute a lease and provides for compensation for the use of the coast based on the most

recently received notice. For the year ended 31 December 2019, this is estimated €720 thousands and is included in current liabilities.

Furthermore, the Company operates a number of underground pipelines within the boundaries of various municipalities, in accordance with relevant laws. As described in Note 33, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The group has appealed against such amounts imposed as described in the note and does not consider that any of these fall within the scope of IFRS 16.

## 8 Intangible assets

	Computer software	Licences & Rights	Total
<b>Cost</b>			
<b>As at 1 January 2018</b>	<b>95.205</b>	<b>24.299</b>	<b>119.504</b>
Additions	1.330	2.540	3.870
Disposals	-	(2.540)	(2.540)
Transfers & other movements	1.367	-	1.367
<b>As at 31 December 2018</b>	<b>97.902</b>	<b>24.299</b>	<b>122.201</b>
<b>Accumulated Amortisation</b>			
<b>As at 1 January 2018</b>	<b>88.175</b>	<b>24.287</b>	<b>112.462</b>
Charge for the year	4.932	412	5.344
Disposals	-	(404)	(404)
<b>As at 31 December 2018</b>	<b>93.107</b>	<b>24.295</b>	<b>117.402</b>
<b>Net Book Value 31 December 2018</b>	<b>4.795</b>	<b>4</b>	<b>4.799</b>
<b>Cost</b>			
<b>As at 1 January 2019</b>	<b>97.902</b>	<b>24.299</b>	<b>122.201</b>
Additions	1.889	1.237	3.126
Transfers & other movements	5.543	-	5.543
<b>As at 31 December 2019</b>	<b>105.334</b>	<b>25.536</b>	<b>130.870</b>
<b>Accumulated Amortisation</b>			
<b>As at 1 January 2019</b>	<b>93.107</b>	<b>24.295</b>	<b>117.402</b>
Charge for the year	4.495	269	4.764
<b>As at 31 December 2019</b>	<b>97.602</b>	<b>24.564</b>	<b>122.166</b>
<b>Net Book Value 31 December 2019</b>	<b>7.732</b>	<b>972</b>	<b>8.704</b>

- (1) 'Licenses and rights' include net exploration license costs, relating to the new exploration & production of hydrocarbons' concessions in Western Greece.
- (2) 'Transfers and other movements' in computer software mainly relate to completed IT software projects capitalised during the year and thus transferred from assets under construction. These projects are monitored within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use (Note 6).

## 9 Investment in subsidiaries, associates and joint ventures

	As at	
	31 December 2019	31 December 2018
<b>Beginning of the year</b>	<b>1.032.372</b>	<b>671.622</b>
Increase / (Decrease) in share capital of subsidiaries and JV	22.680	21.050
Acquisition of remaining share in subsidiary	-	350.000
Sale of investments in subsidiaries to related parties	-	(7.000)
Impairment of investments	(9.914)	(3.300)
<b>End of the year</b>	<b>1.045.138</b>	<b>1.032.372</b>

A list of the Company's direct investments is as follows:

Name	Participating interest	Country of Incorporation	Classification
ASPROFOS S.A.	100,0%	Greece	Subsidiary
DIAXON S.A.	100,0%	Greece	Subsidiary
HELLENIC FUELS AND LUBRICANTS S.A. (HFL)	100,0%	Greece	Subsidiary
ELPET BALKANIKI S.A.	100,0%	Greece	Subsidiary
HELLENIC PETROLEUM INTERNATIONAL AG (HPI)	100,0%	Austria	Subsidiary
HELPE APOLLON MARITIME Co	100,0%	Greece	Subsidiary
HELPE POSEIDON MARITIME Co	100,0%	Greece	Subsidiary
HELLENIC PETROLEUM FINANCE PLC	100,0%	United Kingdom	Subsidiary
HELPE RENEWABLE ENERGY SOURCES S.A.	100,0%	Greece	Subsidiary
HELPE E&P HOLDING S.A.	100,0%	Greece	Subsidiary
GLOBAL ALBANIA S.A.	99,9%	Albania	Subsidiary
PUBLIC GAS CORPORATION OF GREECE S.A. (DEPA)	35,0%	Greece	Associate
ATHENS AIRPORT FUEL PIPELINE COMPANY S.A.	50,0%	Greece	Associate
HELPE THRAKI S.A.	25,0%	Greece	Associate
ELPEDISON B.V.	5,0%	Netherlands	Joint Venture

- a) On 29 November 2018, HPI transferred its shareholding in HFL (64,41%) to Hellenic Petroleum S.A., who now holds the 100% shareholding of HFL, for a consideration of €350 million, utilizing an advance of €327 million, made in previous years. During 2019, the general meeting of HPI 's shareholders approved payment of dividends amounting to €150 million, which are included in the Company's statement of financial position in other receivables as at 31 December 2019 (Note 12).
- b) On 24 May 2018, the Company established Hellenic Petroleum E&P Holding S.A. ('HELPE E&P Holding SA', 100% subsidiary), to act as the holding entity for its portfolio of E&P entities. The share capital injected to the new company amounted to €20 million. On 14 November 2018, the Company transferred the 100% of its shareholding in HELPE Upstream S.A. to HELPE E&P Holding S.A for a consideration of €0,9 million, realizing an intercompany profit of €0,1 million. On 27 November 2018, the Company transferred the 100% of its shareholding in HELPE Patraikos SA to HELPE E&P Holding S.A for a consideration of €6,2 million, with no profit or loss arising from the transaction. The share capital injected to HELPE E&P Holding S.A. during 2019 amounted to €15 million.
- c) The share capital injected to Elpedison BV during 2019 amounted to €1 million. Furthermore, during 2019, the Company participated in a share capital increase in Asprofos S.A., as described below.
- d) Impairment of investments

### *Elpedison B.V.*

The Company owns a 5% shareholding in Elpedison B.V., a joint venture entity of the Group, in which HPI also participates (45%) and EDISON International (50%).

As at 31 December 2019 Elpedison B.V. management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the joint venture entity. The anticipated future developments in the market and regulatory environment (change in remuneration mechanisms and/or delay of their enforcement, intensification of competition) in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets. The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method. The discount rate applied was 6,8% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company. Based on this impairment test, the Company concluded that the carrying amount of its investment is recoverable and consequently no impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility. Relevant changes in the assumptions used e.g. in the future Annual Flexibility remuneration and in discount rates, could have an impact on the value in use of the assets.

It is estimated that at 31 December 2019 if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 10%. In addition, if the future Annual Flexibility Remuneration was lower by 10% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 14%. In both sensitivity analysis' scenarios, the carrying amount of the investment in Elpedison BV is recoverable.

#### *Asprofos S.A.*

In July 2019 the AGM of Asprofos S.A. approved a reduction in share capital of €6,9 million, through use of cumulative losses and a subsequent share capital increase of €6,7 million. The resulting loss of €6,9 million in the carrying value of Asprofos S.A. was recognised in the statement of financial position as at 31 December 2019 and in other income and expenses in the statement of comprehensive income (Note 26).

As at 31 December 2019 Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by Asprofos S.A.. The company's continuing losses and the anticipated future developments in the engineering market in which the company operates, were considered as indicators of impairment. The valuation analysis considered Asprofos S.A. as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method, using a WACC of 4,4%, as of 31 December 2019.

Based on this impairment test, the Company recognised an additional impairment provision of €3,0 million in the carrying value of Asprofos S.A. in the statement of financial position as at 31 December 2019 and a respective impairment loss in the statement of comprehensive income, which was also included in other income and expenses (Note 26).

#### e) DEPA Group

The DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. Its shareholders are the Hellenic Republic Assets Development Fund (65%) and Hellenic Petroleum SA (35%).

In 2019 the Company received cash dividends of €28 million from DEPA (2018: €307 million, of which €284 million related to the proceeds from the sale of DESFA).

The cost of investment of the DEPA group in the Company's financial statements is €237 million. DEPA Group continues to be accounted for and included in the financial statements as an associate.

#### f) The Company participates, directly or indirectly through its subsidiaries, in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Edison International SpA (50%), HELPE Patraikos, a group company (50%) – Greece, Patraikos Gulf
- Total E&P Greece B.V. (50%), Edison International S.p.A. (25%), HELPE West Kerkyra SA, a group company (25%) – Greece, Block 2 – West of Corfu Island

- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. (40%), Hellenic Petroleum S.A. (20%) – (Greece, Block West Crete)
- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. 40%), Hellenic Petroleum S.A. (20%) – (Greece, Block South West Crete)
- Repsol Exploracion (50%), Hellenic Petroleum S.A. (50%) – (Greece, Block Ionian)
- Calfrac Well Services Ltd (75%), HELPE Sea of Thrace S.A., a group company (25%) – Greece, Sea of Thrace concession

The jointly controlled operations are still on a research phase and do not contribute to revenues.

## 10 Loans, advances & long term assets

	As at	
	31 December 2019	31 December 2018
Loans and advances	19.769	6.518
Other long term assets	2.320	2.369
<b>Total</b>	<b>22.089</b>	<b>8.887</b>

Loans and advances as at 31 December 2019 include a three-year bond loan of €3,6 million to ATEN Energy, a subsidiary of the HELPE Group, maturing in 2023.

They also include trade receivables due in more than one year as a result of settlement arrangements. These are discounted at a rate of 7,25% (2018: 7,25%) over their respective lives. The increase relates to new long-term arrangements contracted in 2019.

## 11 Inventories

	As at	
	31 December 2019	31 December 2018
Crude oil	331.447	328.010
Refined products and semi-finished products	487.614	486.792
Petrochemicals	25.554	24.400
Consumable materials and spare parts	85.485	83.903
- Less: Provision for consumables and spare parts	(30.340)	(29.246)
<b>Total</b>	<b>899.760</b>	<b>893.859</b>

Under IEA and EU regulations Greece is obliged to hold crude oil and refined product stocks in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. This responsibility is passed on to all companies, including Hellenic Petroleum S.A., which import and sell in the domestic market and who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €7,1 billion (2018: €7,8 billion). The Company has reported a loss of €2,1 million as at 31 December 2019 arising from inventory valuation which is reflected in a write-down of the year-end values (2018: €32,4 million). This was recognised as an expense in the year ended 31 December 2019 and included in ‘Cost of Sales’ in the statement of comprehensive income. Overall for 2019, management has estimated that the impact on the results of the Company from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €24 million (2018: positive impact of €48 million).



In addition, as at 31 December 2019, an amount of €1,2 million (2018: €5,2 million) relating to spare parts for the refinery units, has been transferred from inventories to Plant and Machinery (Note 6).

## 12 Trade and other receivables

	As at	
	31 December 2019	31 December 2018
Trade receivables	449.115	449.595
- Less: Provision for impairment of receivables	(100.543)	(117.170)
<b>Trade receivables net</b>	<b>348.572</b>	<b>332.425</b>
Other receivables	443.101	312.475
- Less: Provision for impairment of receivables	(14.438)	(14.272)
<b>Other receivables net</b>	<b>428.663</b>	<b>298.203</b>
Prepaid expenses and accrued income	14.022	12.633
<b>Total</b>	<b>791.257</b>	<b>643.261</b>

*Restatement:* The other receivables balance as of 31 December 2018 has been restated by €1,2 million reclassified from cash and cash equivalents (Note 13) and for €35,7 million reclassified to income tax payable.

As part of its working capital management, the Company utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring, is excluded from balances shown above, since all risks and rewards of the relevant invoices have been transferred to the factoring institution.

‘Other receivables’ generally include balances in respect of advances to suppliers, advances to personnel, VAT, withholding taxes and taxes paid, other than amounts related to income tax, as a result of tax audit assessments during previous years from the tax authorities, where the Company has commenced legal proceedings and disputed the relevant amounts. The timing of the finalization of these disputes cannot be estimated and the Company has classified these amounts as current assets.

More specifically, other receivables as at 31 December 2019 include, among others, the following:

- a) €54m of VAT approved refunds (31 December 2018: €54 million), which had been withheld in previous years by the customs authorities due to a dispute relating to stock shortages (Note 33). The Company has filed a specific legal objection and claim against this action and expects to fully recover this amount, following the conclusion of the relevant legal proceedings.
- b) €150 million dividends receivable from HPI, a Group company
- c) A one-year bond loan of €138 million extended to EKO ABEE, a Group company (Note 35).

The fair values of trade receivables approximate their carrying amount.

The table below analyses total trade receivables:

	As at	
	31 December 2019	31 December 2018
Not past due	241.104	244.027
Past due	208.011	205.568
<b>Total trade receivables</b>	<b>449.115</b>	<b>449.595</b>

The overdue days of trade receivables that were past due are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Up to 30 days	86.709	62.404
30 - 90 days	9.900	10.750
Over 90 days	111.402	132.414
<b>Total past due trade receivables</b>	<b>208.011</b>	<b>205.568</b>

Regarding trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. Collaterals include primarily first or second class pre-notice over properties of the debtor, personal and bank guarantees.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	<b>Not past due</b>	<b>Days past due</b>			<b>Total</b>
		<b>&lt; 30 days</b>	<b>31-90 days</b>	<b>&gt; 90 days</b>	
<b>31 December 2019</b>					
Expected credit loss rate	0,01%	0,03%	0,42%	3,02%	0,04%
Total gross carrying amount	241.104	86.709	9.900	111.402	449.115
Expected credit loss	(33)	(22)	(41)	(64)	(160)

The movement in the provision for impairment of trade receivables is set out below:

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Balance at 1 January 2018 (as originally presented)</b>	<b>117.170</b>	<b>117.305</b>
Effect of change in accounting policy	-	1.277
<b>Balance at 1 January 2018 (restated)</b>	<b>117.170</b>	<b>118.582</b>
Charged/(credited) to the statement of comprehensive income:		
- Additional provisions	248	430
- Receivables written off during the year as uncollectible	(14.091)	-
- Unused amounts reversed	(2.784)	(1.842)
<b>Balance at 31 December 2019</b>	<b>100.543</b>	<b>117.170</b>

The movement in the provision for impairment has been included in the selling and distribution costs in the statement of comprehensive income.

The movement in the provision for impairment of other receivables is set out below:

	As at	
	31 December 2019	31 December 2018
<b>Balance at 1 January 2018</b>	<b>14.272</b>	<b>20.060</b>
Charged / (credited) to the income statement:		
- Additional provisions	525	212
- Receivables written off during the year as uncollectible	(318)	-
- Unused amounts reversed	(41)	-
Transfer to provision for litigation	-	(6.000)
<b>Balance at 31 December 2019</b>	<b>14.438</b>	<b>14.272</b>

### 13 Cash and cash equivalents

	As at	
	31 December 2019	31 December 2018
Cash at bank and in hand	884.109	1.070.377
Short term bank deposits	4.455	-
<b>Total cash and cash equivalents</b>	<b>888.564</b>	<b>1.070.377</b>

*Restatement:* During the year, the Company reconsidered the presentation of restricted cash balances and now includes such balances in the caption "Trade and other receivables". Previously, such balances were included in the caption "Cash, cash equivalents and restricted cash". Following the reconsideration, an adjustment was applied retrospectively to the 2018 comparative balance, by reclassifying an amount of € 1,2 million from "Cash, cash equivalents and restricted cash" to "Trade and other receivables".

The balance of US Dollars included in Cash at bank as at 31 December 2019 was US\$822 million (Euro equivalent €732 million). The respective amount for the year ended 31 December 2018 was US\$ 889 million (Euro equivalent €777 million).

The weighted average effective interest rate as at the reporting date on cash and cash equivalents was:

	As at	
	31 December 2019	31 December 2018
Euro	0,03%	0,02%
USD	0,14%	0,10%

### 14 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
<b>As at 1 January &amp; 31 December 2018</b>	<b>305.635.185</b>	<b>666.285</b>	<b>353.796</b>	<b>1.020.081</b>
<b>As at 31 December 2019</b>	<b>305.635.185</b>	<b>666.285</b>	<b>353.796</b>	<b>1.020.081</b>

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2.18 (31 December 2018: €2.18).

## 15 Reserves

	Statutory reserve	Special reserves	Tax-free & Incentive law reserves	Hedging reserve	Actuarial gains/ (losses)	Equity instrum. FVOCI gains/ (losses)	Share- based payment reserve	Treasury shares	Total
<b>Balance at 1 January 2018 (as originally presented)</b>	<b>118.668</b>	<b>86.495</b>	<b>164.981</b>	<b>8.175</b>	<b>(17.187)</b>	-	<b>93</b>	<b>(531)</b>	<b>360.694</b>
Effect of changes in accounting policy	-	-	-	-	-	166	-	-	166
<b>Restated total equity as at 1 January 2018</b>	<b>118.668</b>	<b>86.495</b>	<b>164.981</b>	<b>8.175</b>	<b>(17.187)</b>	<b>166</b>	<b>93</b>	<b>(531)</b>	<b>360.860</b>
Cash flow hedges:									
- Fair value gains/(losses) on cash flow hedges	-	-	-	(5.006)	-	-	-	-	(5.006)
- Derecognition of (gains)/losses on hedges through comprehensive income	-	-	-	(14.920)	-	-	-	-	(14.920)
Actuarial losses on defined benefit pension plans	-	-	-	-	(10.878)	-	-	-	(10.878)
Changes in the fair value of equity instruments	-	-	-	-	-	(675)	-	-	(675)
Share-based payments	-	-	-	-	-	-	(93)	-	(93)
Acquisition of Treasury Shares	-	-	-	-	-	-	-	(683)	(683)
Issue of Treasury shares to employees	-	-	-	-	-	-	-	1.214	1.214
Dividends	-	-	(76.408)	-	-	-	-	-	(76.408)
Transfers of tax on reserves to retained earnings	-	-	(17.318)	-	-	-	-	-	(17.318)
Transfer to statutory reserve	26.170	-	-	-	-	-	-	-	26.170
<b>Balance at 31 December 2018</b>	<b>144.838</b>	<b>86.495</b>	<b>71.255</b>	<b>(11.751)</b>	<b>(28.065)</b>	<b>(509)</b>	-	-	<b>262.263</b>
<b>Balance at 1 January 2019</b>	<b>144.838</b>	<b>86.495</b>	<b>71.255</b>	<b>(11.751)</b>	<b>(28.065)</b>	<b>(509)</b>	-	-	<b>262.263</b>
Cash flow hedges:									
- Fair value gains/(losses) on cash flow hedges	-	-	-	12.890	-	-	-	-	12.890
- Derecognition of (gains)/losses on hedges through comprehensive income	-	-	-	1.501	-	-	-	-	1.501
Actuarial losses on defined benefit pension plans	-	-	-	-	(9.835)	-	-	-	(9.835)
Changes in the fair value of equity instruments	-	-	-	-	-	469	-	-	469
Transfer to statutory reserve	15.818	-	-	-	-	-	-	-	15.818
<b>Balance at 31 December 2019</b>	<b>160.656</b>	<b>86.495</b>	<b>71.255</b>	<b>2.640</b>	<b>(37.900)</b>	<b>(40)</b>	-	-	<b>283.106</b>

### *Statutory reserve*

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until this reserve is equal to one third of the outstanding share capital. This reserve cannot be distributed during the existence of the entity, but can be used to offset accumulated losses.

### *Special reserves*

Special reserves primarily relate to reserves arising from tax revaluations in accordance with the relevant legislation in prior years.

### *Tax-free and incentive law reserves*

These reserves relate to retained earnings, which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes and reserves relating to investments under incentive laws. These reserves will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital under certain conditions.

### *Hedging reserve*

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in Note 23. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

### *Other reserves*

These include:

- (i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
- (ii) Changes in the fair value of investments that are classified as investments in equity instruments.

## 16 Trade and other payables

	As at	
	31 December 2019	31 December 2018
Trade payables	1.165.580	1.075.569
Accrued Expenses	64.280	114.656
Other payables	41.949	35.882
<b>Total</b>	<b>1.271.809</b>	<b>1.226.107</b>

Trade payables are comprised of amounts payable or accrued in respect of supplies of crude oil, products and services.

Trade payables, as at 31 December 2019 and 31 December 2018, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long-term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. In the period from 16 January 2016 up to 8 May 2018, when sanctions were suspended, the Company successfully made several payments against a significant part of these amounts. Since 8 May 2018, following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place.

Accrued expenses mainly relate to accrued interest, payroll-related accruals and accruals for operating expenses not yet invoiced. Accrued expenses include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation, amounting to €12 million as at 31 December 2019 (2018: €54 million).

Other payables include amounts in respect of payroll-related liabilities, social security obligations and sundry taxes.

## 17 Interest bearing loans and borrowings

	As at	
	31 December 2019	31 December 2018
<b>Non-current interest bearing loans and borrowings</b>		
Bank borrowings	66.667	111.112
Intercompany borrowings	689.900	480.000
Bond loan	851.271	1.066.486
<b>Total non-current interest bearing loans and borrowings</b>	<b>1.607.838</b>	<b>1.657.598</b>
<b>Current interest bearing loans and borrowings</b>		
Short term bank borrowings	831.132	590.906
Intercompany borrowings	-	280.000
Current portion of long-term bank borrowings	44.444	44.444
<b>Total current interest bearing loans and borrowings</b>	<b>875.576</b>	<b>915.350</b>
<b>Total interest bearing loans and borrowings</b>	<b>2.483.414</b>	<b>2.572.948</b>

Non-current interest bearing loans and borrowings mature as follows:

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*(All amounts in Euro thousands unless otherwise stated)*

	As at	
	31 December 2019	31 December 2018
Between 1 and 2 years	944.085	267.038
Between 2 and 5 years	630.753	1.357.560
Over 5 years	33.000	33.000
<b>Total non-current interest bearing loans and borrowings</b>	<b>1.607.838</b>	<b>1.657.598</b>

The weighted average effective interest margins are as follows:

Bank Borrowings	Currency	As at	
		31 December 2019	31 December 2018
Short-term			
- Floating Euribor + margin	Euro	3,31%	5,17%
- Floating Libor + margin	USD	4,84%	6,88%
Long-term			
- Floating Euribor + margin	Euro	3,99%	3,46%
- Floating Libor + margin	USD	4,60%	5,42%

The carrying amounts of borrowings are denominated in Euro and US Dollars:

	As at	
	31 December 2019	31 December 2018
Euro	2.324.473	2.417.888
US dollar	158.941	155.060
<b>Total interest bearing loans and borrowings</b>	<b>2.483.414</b>	<b>2.572.948</b>

Hellenic Petroleum and its subsidiaries (the “Group”) has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, Hellenic Petroleum Finance plc (“HPF”) was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

Company borrowings by maturity date as at 31 December 2019 and 31 December 2018 are summarised in the table below (amounts in € million):

	Maturity	As at	
		31 December 2019 (€ million)	31 December 2018 (€ million)
Bond loan €400 million	Jun 2023	394	392
Bond loan €400 million	Nov 2020	224	223
Bond loan €300 million	Feb 2021	299	297
Bond loan \$250 million	Jun 2021	159	155
European Investment Bank (“EIB”) Term loan	Jun 2022	111	156
HPF Loan, July 2014	Jul 2019	-	280
HPF Loan, October 2016	Oct 2021	442	447
HPF Loan, October 2019	Oct 2024	215	-
Bilateral lines	Various	639	623
<b>Total</b>		<b>2.483</b>	<b>2.573</b>

Refer to 'Liquidity Risk Management' (Note 3.1) for an analysis of the Company's plans regarding the facilities falling due in 2019.

No loans were in default as at 31 December 2019 (none as at 31 December 2018).

Significant movement in borrowings for the year ended 31 December 2019 are as follows:

*Bond loan €400 million, maturing in June 2023*

In June 2018, the Company refinanced a maturing loan with a 5 year syndicated revolving bond loan facility, which was subscribed to by Greek and international banks, for an amount of €400 million. The outstanding amount of the loan as at 31 December 2019 was €400 million.

*Bond Loan €400 million, maturing in November 2020 (plus one-year extension option)*

In November 2018, Hellenic Petroleum S.A. refinanced a €400 million syndicated bond loan with a new facility of the same principal amount, with a tenor of 2 years and a one-year extension option. The outstanding amount of the loan as at 31 December 2019 was €225 million.

*Bond Loan €300 million, maturing in February 2021*

In January 2015, Hellenic Petroleum S.A. issued a €200 million revolving bond loan facility, with a tenor of 3 years. The facility was refinanced in February 2018, for an increased amount of €300 million and a new tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was €300 million.

*Bond Loan \$ 250 million, maturing in June 2021*

In June 2018, Hellenic Petroleum S.A. concluded a new \$250 million revolving bond loan facility, with a tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was US\$180 million.

*EIB Term loans, maturing in June 2022*

In May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment programme related to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years and a 3 year grace period, as well as similar terms and conditions. Facility B was credit enhanced by a commercial bank guarantee until February 2018 (this is normal lending practice for EIB, particularly during the construction phase of large projects). Total repayments on both loans up to 31 December 2019 amounted to €289 million (€44 million paid during 2019). Facility B includes financial covenant ratios (leverage, interest cover and gearing ratios), which were amended in February 2018 in order to become aligned with those included in loans with commercial bank loans and Eurobonds.

*HPF Loan, maturing in July 2019 (Eurobond €325m)*

In July 2014, HPF issued a €325 million 5 year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes are guaranteed by Hellenic Petroleum S.A., and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million loan agreement with HPF. In June 2019 the Company fully repaid the outstanding balance of 280,2 million.

*HPF Loan, maturing in October 2021 (Eurobond €450m)*

In October 2016 HPF issued a €375 million five-year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A., with the issue price being 99.453 per cent of the principal amount. The proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017. The latter was effected via a tender offer process where notes of nominal value of €225 million were accepted. Subsequently the Company concluded a €367 million loan agreement with HPF and the proceeds were used to prepay existing indebtedness, including part of the €488 million maturing in May 2018 and for general corporate purposes.

In July 2017, HPF issued a notional amount of €74,5 million of notes guaranteed by Hellenic Petroleum S.A., maturing in October 2021, which were consolidated and form a single series with HPF's €375 million 4.875% guaranteed notes, as per above. Subsequently the Company increased its existing loan agreement with HPF. The notes were partially prepaid in October 2019 with the proceeds of a new 5-year Eurobond issue of €500 million, as detailed below. The outstanding amount of the loan as at 31 December 2019 was €442 million.

HPF Loan, maturing in October 2024 (Eurobond €500m)

In October 2019 Hellenic Petroleum Finance PLC issued a €500 million five-year 2% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.41 per cent. of the principal amount. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248.4 million were accepted. Subsequently the Company concluded a €223 million loan agreement with HPF. The outstanding amount of the loan as at 31 December 2019 was €214,9 million.

Bilateral lines

The Company has uncommitted credit facilities with various banks in place, to finance general corporate needs. These mainly relate to short-term loans which are renewed in accordance with the Company's finance needs. During 2019, the Company achieved further improvements in the cost base of the facilities.

Certain medium term credit agreements include financial covenants, mainly for the maintenance of certain ratios at Group level, such as: "Consolidated Net Debt/ Consolidated Adjusted EBITDA", "Consolidated Adjusted EBIT/ Consolidated Net Interest" and "Consolidated Net Debt/ Consolidated Net Worth". Management monitors the Group's performance to ensure compliance with the above covenants.

## 18 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<b>As at 1 January 2019</b>	<b>Note</b>	<b>25.744</b>
Additions		8.664
Modification		4.469
Interest Cost	27	967
Repayment		(8.661)
<b>At 31 December 2019</b>		<b>31.183</b>
<b>Current</b>		<b>9.919</b>
<b>Non-current</b>		<b>21.264</b>

The following are the amounts recognized in the statement of comprehensive income:

	<b>Note</b>	<b>For the year ended 31 December 2019</b>
Depreciation expense for right-of-use assets	7	6.793
Interest expense on lease liabilities	27	967
Expense relating to short-term leases		3.911
<b>Total amount recognised in statement of comprehensive income</b>		<b>11.671</b>



The maturity table of the undiscounted cash flows of the lease liabilities is presented below:

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>31 December 2019</b>				
Lease liability	7.964	17.712	4.540	30.216

## 19 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The gross movement on the deferred income tax liability is as follows:

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Beginning of the year	(151.873)	(89.959)
Income statement charge	(27.205)	(72.739)
Charged / (released) to equity	(2.987)	10.506
Restatement of equity	-	319
<b>End of year</b>	<b>(182.065)</b>	<b>(151.873)</b>

Deferred tax relates to the following types of temporary differences:

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Intangible and tangible fixed assets	(208.610)	(197.770)
Inventory valuation	11.463	11.182
Environmental provision	6.394	18.311
Unrealised exchange gains	97	(3.383)
Employee benefits provision	35.313	35.705
Provision for bad debts	6.005	10.116
Derivative financial instruments at fair value	(834)	4.002
Provision for write-down in investments of associates	12.928	10.989
Deferred tax on distribution of DESFA shares by DEPA	(46.556)	(48.496)
Other temporary differences relating to provisions and accruals	1.735	7.471
<b>Net deferred income tax asset/(liability)</b>	<b>(182.065)</b>	<b>(151.873)</b>

## 20 Retirement benefit obligations

The table below outlines where the Company's retirement benefit amounts and activity are included in the financial statements.

	As at	
	31 December 2019	31 December 2018
<b>Statement of Financial position obligations for:</b>		
Pension benefits	147.074	132.539
<b>Liability in the Statement of Financial position</b>	<b>147.074</b>	<b>132.539</b>
	For the year ended	
	31 December 2019	31 December 2018
<b>Statement of Comprehensive Income charge for:</b>		
Pension benefits	16.038	19.184
<b>Total in the statement of comprehensive income</b>	<b>16.038</b>	<b>19.184</b>
	For the year ended	
	31 December 2019	31 December 2018
<b>Remeasurements for:</b>		
Pension benefits	12.448	13.212
Income tax	(2.613)	(2.334)
<b>Total as per Statement of Other Comprehensive Income</b>	<b>9.835</b>	<b>10.878</b>

The amounts recognised in the statement of financial position are as follows:

	As at	
	31 December 2019	31 December 2018
Present value of funded obligations	11.676	7.760
Fair value of plan assets	(2.657)	(2.262)
<b>Deficit of funded plans</b>	<b>9.019</b>	<b>5.498</b>
Present value of unfunded obligations	138.055	127.041
<b>Liability in the Statement of Financial Position</b>	<b>147.074</b>	<b>132.539</b>

The plans are final salary pension plans. The level of benefits provided depend on members' length of service and remuneration.

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>As at 1 January 2018</b>	<b>106.174</b>	<b>(1.843)</b>	<b>104.331</b>
Current service cost	5.515	-	5.515
Interest expense/(income)	2.234	(46)	2.188
Past service costs and (gains)/losses on settlements	11.481	-	11.481
<b>Statement of comprehensive income charge</b>	<b>19.230</b>	<b>(46)</b>	<b>19.184</b>
<b>Remeasurements:</b>			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	10	10
- (Gain)/loss from change in financial assumptions	11.169	-	11.169
- Experience (gains)/losses	2.033	-	2.033
<b>Statement of other comprehensive income charge</b>	<b>13.202</b>	<b>10</b>	<b>13.212</b>
Benefits paid directly by the Company/Contributions paid by the Company	(3.562)	(626)	(4.188)
Benefit payments from the plan	(243)	243	-
<b>As at 31 December 2018</b>	<b>134.801</b>	<b>(2.262)</b>	<b>132.539</b>
Current service cost	7.082	-	7.082
Interest expense/(income)	2.565	(44)	2.521
Past service costs and (gains)/losses on settlements	6.435	-	6.435
<b>Statement of comprehensive income charge</b>	<b>16.082</b>	<b>(44)</b>	<b>16.038</b>
<b>Remeasurements:</b>			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	7	7
- (Gain)/loss from change in financial assumptions	14.470	-	14.470
- Experience (gains)/losses	(2.029)	-	(2.029)
<b>Statement of other comprehensive income charge</b>	<b>12.441</b>	<b>7</b>	<b>12.448</b>
Benefits paid directly by the Company/Contributions paid by the Company	(13.312)	(639)	(13.951)
Benefit payments from the plan	(281)	281	-
<b>As at 31 December 2019</b>	<b>149.731</b>	<b>(2.657)</b>	<b>147.074</b>

Past service costs include the voluntary retirement scheme costs for 2019 of €6,1 million (Note 24).

The expected maturity analysis of undiscounted pension benefits is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>Balance at 31 December 2019</b>					
Pension Benefits	5.475	14.213	32.071	114.812	<b>166.571</b>

Plan assets are comprised as follows:

	31 December 2019				31 December 2018			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity Instruments	96	-	96	4%	72	-	72	3%
Debt Instruments:								
- Government bonds	1.060	-	1.060	40%	1.053	-	1.053	47%
- Corporate bonds	1.092	-	1.092	41%	802	-	802	35%
Investment funds	271	-	271	10%	140	-	140	6%
Cash and cash equivalents	138	-	138	5%	195	-	195	0
<b>Total</b>	<b>2.657</b>	<b>-</b>	<b>2.657</b>		<b>2.262</b>	<b>-</b>	<b>2.262</b>	

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2019	31 December 2018
Discount Rate	1,05%	2,05%
Future Salary Increases	1,10% - 2,50%	1,10% - 1,60%
Inflation	1,10%	1,10%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in DBO	Decrease in DBO
Discount Rate	0,50%	-4,81%	5,22%
Future Salary Increases	0,50%	5,14%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected contributions to defined benefit plans for the following year amount to €0,6 million. The weighted average duration of the defined benefit obligation is 10 years.

## 21 Provisions

The movement for provisions for 2019 and 2018 is as follows:

	<b>Litigation provisions</b>	<b>Provisions for environmental costs</b>	<b>Provisions for other liabilities and charges</b>
<b>At 1 January 2018</b>	<b>6.058</b>	-	<b>6.058</b>
Charged/(credited) to the statement of comprehensive income:			
- Additional provisions	10.565	15.000	25.565
- Unused amounts reversed	(2.509)	-	(2.509)
Other movements / reclassifications	10.988	-	10.988
Utilised during year	(2.244)	-	(2.244)
<b>At 31 December 2018</b>	<b>22.858</b>	<b>15.000</b>	<b>37.858</b>
Charged/(credited) to the statement of comprehensive income:			
- Additional provisions	198	-	198
- Unused amounts reversed	(1.745)	-	(1.745)
Other movements / reclassifications	(13.382)	-	(13.382)
Utilised during year	(132)	-	(132)
<b>At 31 December 2019</b>	<b>7.797</b>	<b>15.000</b>	<b>22.797</b>

Long-term provisions as at 31 December 2019 comprise of amounts for pending legal claims and environmental restoration costs. Other movements / reclassifications for 2019, include an amount of €12 million that relates to a tax provision reclassified to current income tax balance.

## 22 Other non-current liabilities

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Government grants	7.701	8.171
Trade and other payables	5.919	6.639
<b>Total</b>	<b>13.620</b>	<b>14.810</b>

### *Government grants*

Advances by the Government relate to grants for the purchase of property, plant and equipment. Amortisation for 2019 amounted to €0,7 million (2018: €0,7 million).

### *Trade and other payables*

Trade and other payables, non-current generally include sundry operating items and risks arising from the Company's ordinary activities.

## 23 Derivative financial instruments

### Derivatives held for Trading

Commodity Derivative type	31 December 2019				31 December 2018			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
Commodity Swaps	-	-	-	-	-	2.000	-	66

### Derivatives designated as Cash Flow Hedges

Commodity Derivative type	31 December 2019				31 December 2018			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
Commodity Swaps	-	1.028	3.474	-	-	846	-	16.321

<b>Total</b>			<b>3.474</b>	<b>-</b>			<b>-</b>	<b>16.387</b>
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### Non-current portion

Commodity swaps			-	-			-	-
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### Current portion

Commodity swaps			3.474	-			-	16.387
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<b>Total</b>			<b>3.474</b>	<b>-</b>			<b>-</b>	<b>16.387</b>
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Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the accounting hedging criteria, they are classified as 'held for trading' for accounting purposes.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

### Derivatives designated as cash flow hedges

During the year ended 31 December 2019 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1.501 loss, net of tax (2018: €14.920 gain, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a gain of €12.890 net of tax as at 31 December 2019 (2018: €5.006 loss, net of tax), is included in the hedging reserve (see Note 15).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

## 24 Expenses by nature

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Raw materials and consumables used	7.058.642	7.792.036
Employee costs	217.227	211.592
Depreciation of property, plant and equipment and right-of-use assets	150.400	135.409
Amortization of intangible assets	4.764	5.344
Transportation and warehouse costs	68.773	67.607
Production overheads	190.441	213.079
Swaps gains / (losses)	12.751	(41.611)
Stock devaluations	2.106	32.425
Other expenses	48.268	66.858
<b>Total cost of sales, distribution cost and administrative expenses</b>	<b>7.753.372</b>	<b>8.482.739</b>

*Restatement:* Comparative balances of 31 December 2018 are restated to conform to the changes in presentation of the current year.

Other expenses mainly comprise items relating to maintenance & site expenses, insurance costs, provision for impairment of receivables, corporate social responsibility costs, third party services (consultancy & legal) expenses, IT costs and advertising and promotion costs. The current year's balance does not include rental cost, due to the application of IFRS 16, as from 1 January 2019.

The fees of Ernst & Young concerning the permissible non audit services which have been preapproved from the Audit Committee of the Company during 2019, amounts to €0,2m, out of which €0,13m related to fees of Ernst & Young Hellas.

### Employee costs

Employee costs are set out in the table below:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Wages and salaries	143.795	138.498
Social security costs	36.675	34.205
Defined benefit plans	10.046	19.553
Defined contribution plans	11.003	10.235
Other benefits - emoluments	15.708	9.101
<b>Total</b>	<b>217.227</b>	<b>211.592</b>

Other employment benefits include medical insurance, catering and transportation expenses. During 2019 they also include voluntary retirement scheme costs of €6,1 million (Note 20).

## 25 Exploration and development expenses

Geological and geophysical costs are expensed as incurred and relate to the Company's exploration activities (Note 5 and 9).

## 26 Other operating income / (expenses) and other gains / (losses)

Other operating income/(expenses) and other gains / (losses) are analysed as follows:

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Other operating income and other gains</b>			
Income from grants	32	665	675
Services to third parties		5.242	4.240
Rental income		1.530	1.429
Income from sale of exploration and production rights		-	1.161
Insurance compensation		-	2.291
Gains on disposal of non-current assets		1.074	-
Gains on sale of investments		-	123
Other		7.078	6.817
<b>Total</b>		<b>15.589</b>	<b>16.736</b>
<b>Other operating expenses and other losses</b>			
Voluntary retirement scheme cost		(6.125)	-
Discounting of long-term receivables		(1.276)	-
Provision for environmental restoration		-	(15.000)
Impairment of investments		(9.914)	(3.300)
Impairment of fixed assets	6	(1.255)	(840)
Other		(3.077)	(5.952)
<b>Total</b>		<b>(21.647)</b>	<b>(25.092)</b>
<b>Total other operating income/(expenses) and other gains/(losses)</b>		<b>(6.058)</b>	<b>(8.356)</b>

*Restatement:* Comparative balances of 31 December 2018 are restated to conform to the changes in presentation of the current year.

Other operating income / (expenses) and other gains / (losses), include amounts which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Impairment of investments includes the impairment in Asprofos (Note 9).

## 27 Finance income / (expense)

	As at	
	31 December 2019	31 December 2018
Interest income	10.510	9.442
Interest expense	(93.937)	(114.400)
Other finance costs	(21.863)	(22.236)
Lease finance cost	(967)	-
<b>Finance costs - net</b>	<b>(106.257)</b>	<b>(127.194)</b>

Finance costs amounting to €2,8 million (2018: €2,5 million) have been capitalised (Note 6).



## 28 Currency exchange gains / (losses)

Foreign currency exchange losses of €1 million for the year ended 31 December 2019 mainly relate to unrealized losses arising from the valuation of borrowings denominated in foreign currency gains, which are partially offset by unrealized exchange gains arising from the valuation of bank accounts denominated in foreign currency (mostly US\$). The corresponding amount for the year ended 31 December 2018 was a gain of €2 million.

## 29 Income tax expense

The tax (charge) / credit relating to profit or loss components of comprehensive income, is as follows:

	For the year ended	
	31 December 2019	31 December 2018
Current tax	(11.437)	(64.656)
Prior year tax	4.908	4.698
Tax on distribution of dividends	-	(13.490)
Deferred tax (Note 19)	(27.205)	(72.739)
<b>Total</b>	<b>(33.734)</b>	<b>(146.187)</b>

The tax (charge) / credit relating to components of other comprehensive income, is as follows:

	For the year ended					
	31 December 2019			31 December 2018		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Investment in equity instruments	666	(197)	469	(938)	263	(675)
Cash flow hedges	19.794	(5.403)	14.391	(27.835)	7.909	(19.926)
Actuarial gains/ (losses) on defined benefit pension plans	(12.448)	2.613	(9.835)	(13.212)	2.334	(10.878)
<b>Other comprehensive income</b>	<b>8.012</b>	<b>(2.987)</b>	<b>5.025</b>	<b>(41.985)</b>	<b>10.506</b>	<b>(31.479)</b>

The corporate income tax rate is 24% for 2019 (2018: 29%).

In accordance with the applicable tax provisions, tax audits are conducted as follows:

### Audits by Certified Auditors – Tax Compliance Report

Effective from fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an “Annual Tax Compliance Report” as provided for by par.5, article 82 of L.2238/1994 and article 65A of L.4174/2013, from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report, under certain conditions, substitutes the full tax audit by the tax authorities; however, the tax authorities reserve the right of future tax audit.

The Company has received unqualified Tax Compliance Reports, for fiscal years up to 2018 (inclusive).

### Audits by Tax Authorities

The Company has undergone full tax audits for the financial years ended 31 December 2011.

Notwithstanding the possibility of future tax audits, Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the financial statements as of 31 December 2019 (Note 33).

With the adoption of IFRIC 23 as of 1 January 2019, the Company reclassified in the statement of financial position from trade and other receivables to a separate line item (income tax receivable) assets relating to advance payments against uncertain tax positions (Notes 2.18, 4(i) and 33). The comparatives have been reclassified accordingly.

As of 31 December 2019, income tax receivables of €87,6 million include amounts advanced by the Company relating to uncertain tax positions for income taxes (31 December 2019 and 2018: €14,2 million and €17,4 million respectively), as well as related interest and penalties (31 December 2019 and 2018: €17,9 million and €17,9 million). Income tax receivable also includes an amount of €55,5 million relating to the excess of income tax advances made against the income tax payable for 2019.

Numerical reconciliation of income tax expense to prima facie tax payable:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Profit before Tax</b>	<b>350.093</b>	<b>669.577</b>
Tax calculated at corporation tax rate 24% (2018: 29%)	(84.022)	(194.177)
Tax on income not subject to tax	46.900	36.196
Tax on expenses not deductible for tax purposes	(7.521)	(6.622)
Adjustments to deferred tax due to changes in tax rate	5.055	28.196
Adjustments for tax of prior periods	4.908	5.156
Tax on distribution of dividends	-	(13.490)
Other movements	946	(1.446)
<b>Tax (Charge) / Credit</b>	<b>(33.734)</b>	<b>(146.187)</b>
<b>Effective tax rate</b>	<b>21,8%</b>	<b>41,7%</b>

### 30 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares. As of 31 December 2019 and 2018, all share options have either been exercised or lapsed and there are no treasury shares. Diluted earnings per ordinary share are not materially different from basic earnings per share.

	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Earnings per share attributable to the Company Shareholders (expressed in Euro per share):</b>	<b>1,04</b>	<b>1,71</b>
Net income attributable to ordinary shares (Euro in thousands)	316.359	523.390
Weighted average number of ordinary shares	305.635.185	305.628.663

### 31 Dividends per share

On 28 February 2019, the BoD proposed to the AGM the distribution of a final dividend of €0,50 per share for the year ended 2018, which was approved by the AGM on 7 June 2019. The above dividend includes a special dividend of €0,25 per share relating to distribution of part of the proceeds from the sale of the Group's share in DESFA. The total final dividend for 2018, amounts to €152,8 million and is included in the financial statements for the year ended 31 December 2019. The whole amount was paid in July 2019.

At its meeting held on 5 November 2019, the Board of Directors decided to distribute an interim dividend of €0,25 per share for the financial year 2019. The dividend amounts to a total of €76,4 million and is also included in the financial statements for the year ended 31 December 2019.

A proposal to the AGM for a final dividend €0,25 per share for the year ended 2019, was approved by the Board of Directors on 27 February 2019. The total final dividend amounts to €76,4 million and is not included in the Consolidated Financial Statements for the year ended 31 December 2019, as it has not yet been approved by the shareholders' AGM.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend, or an additional special dividend during 2020.

### 32 Cash generated from operations

	Note	For the year ended	
		31 December 2019	31 December 2018
<b>Profit before tax</b>		<b>350.093</b>	<b>669.577</b>
Adjustments for:			
Depreciation and impairment of property, plant & equipment and right of use assets	6,7	151.655	136.259
Amortisation and impairment of intangible assets	8	4.764	5.344
Amortisation of grants	26	(665)	(675)
Financial expenses / (income) - net	27	106.257	127.194
Provisions for expenses and valuation changes		43.972	66.656
Amortisation of long-term contracts costs	26	1.276	951
(Gains) / Losses on disposal of non-current assets		(1.074)	(1.161)
Foreign exchange losses / (gains)	28	910	(2.244)
Dividend income		(195.416)	(318.795)
		<b>461.772</b>	<b>683.106</b>
<b>Changes in working capital</b>			
(Increase) / Decrease in inventories		(8.578)	68.171
(Increase) / Decrease in trade and other receivables		(10.595)	153.427
Increase / (Decrease) in trade and other payables		17.211	(347.508)
		<b>(1.962)</b>	<b>(125.910)</b>
<b>Net cash generated from operating activities</b>		<b>459.810</b>	<b>557.196</b>

### 33 Contingencies and litigation

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business, the most significant of which are disclosed below:

#### Business Issues

##### (i) *Unresolved legal claims*

The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes that the final outcome will not have a significant effect on the Company's operating results or financial position and that no additional provisions, over and above provisions already reflected in the financial statements, are required.

During the current and preceding year, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Company within the boundaries of each respective municipality. As at 31 December 2019, the total amounts imposed amount to €26,5 million (2018: €26,5 million). In order to appeal against these, and in accordance with legislation, the Company

has paid an amount of €14 million (2018: €6,4 million) which is included in other receivables in the financial statements.

The Company has exercised all available legal recourse relating to these cases and Management have assessed that it is most probable that the outcome of all appeals will be favourable. Therefore the Company has not raised a provision with regard to these cases.

(ii) *Guarantees*

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group. The outstanding amount of these as at 31 December 2019 was the equivalent of €912 (31 December 2018: €969).

**Taxation and customs**

The tax framework and practices in Greece, which determine the tax base for the Company's transactions, may result in inherent uncertainties, due to its complexity and it being subject to changes and alternative interpretation by relevant authorities at different points in time and across different entities. As a result, there may be types of expenses or treatments for which a company may be assessed on a different basis than the one adopted during the preparation of its tax return and the financial statements. Based on past experience tax audits were carried out by tax authorities on average 5-7 years after the filing of the tax return. In addition, where a tax audit results in a different view to that adopted by the Company, the process for resolving the issue is usually through a court of law proceeding, which has many stages and can take a considerable number of years to reach its final and irrevocable ruling. For an entity to engage in this process, a minimum down payment of 50% of the total tax and surcharges assessed is required.

All of the above result in inherent difficulties in the determination and accounting of tax liabilities. As a result, management aims to determine its policy based on specific legislation available at the time of accounting for a transaction, obtain specialist legal and tax advice on individual cases and utilise prior tax audits experience and rulings, including relevant court decisions. This process ensures that the financial statements reflect any material tax and customs liabilities as accurately and completely as possible.

(i) *Open tax years – litigation tax cases:*

As disclosed in Note 29, tax audits have been completed by the Tax Authorities up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of €22,5 million and penalties of €23,5 million for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed.

Even though the Company disputed the additional taxes and surcharges imposed, it was obliged to pay 50% of the assessed amounts (taxes and surcharges) to the Tax Authorities, in order to appeal the results of the tax audits. This was paid within the applicable deadline, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Company, within 2018. These amounts are included in 'Income tax receivable' if they relate to income tax, or in 'Trade and other receivables' if they relate to other taxes, as the Company assesses that it will succeed in its appeals. As far as surcharges are concerned, the report has assessed amounts at 120% of the original tax instead of the applicable 50%; this is also being legally challenged by the Company.

At present, notification for audit has been received for the year ended 31 December 2012, which according to the general provisions is time-barred.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognised in the financial statements as at 31 December 2019. The Company has recorded down payments made for taxes and penalties assessed in previous disputes with the tax authorities in income tax, to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2018, the Company obtained unqualified “Annual Tax Compliance Reports” from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

(ii) *Assessments of customs and fines*

In 2008, Customs authorities assessed additional customs duties and penalties amounting to approximately €40 million for alleged “stock shortages” during the years 2001-2005. The Company has duly filed contestations before the Administrative Court of First Instance and Management believes that this case will have a positive outcome when the legal procedure will be concluded.

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 12), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

### 34 Commitments

(a) Capital commitments

Significant contractual commitments amount to €34 million as at 31 December 2019 (31 December 2018: €22 million), which mainly relate to improvements in refining assets.

(b) Letters of Credit

The Company is requested to provide bank letters of credit to suppliers in order to obtain better commercial and credit terms. To the extent that such items are already recorded as liabilities in the financial statements, there is no additional commitment to be disclosed. In cases where the underlying transaction occurs after the year end, the Company is not liable to settle the letter of credit and hence no such liability exists as at the year end.

### 35 Related party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Company and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business.

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Sales of goods and services to related parties</b>		
Group entities	2.871.274	2.971.811
Associates	397.245	597.133
Joint ventures	662	621
<b>Total</b>	<b>3.269.181</b>	<b>3.569.565</b>
<b>Purchases of goods and services from related parties</b>		
Group entities	54.908	58.972
Associates	454.389	764.274
Joint ventures	35.622	15.973
<b>Total</b>	<b>544.919</b>	<b>839.219</b>

Other operating income/(expenses) & other gains/(losses)-net for 2019 include income from subsidiaries, amounting to €4,5 million (2018: €4,1 million).

The statement of financial position includes balances, which derive from sales / purchases of goods and services in the ordinary course of business.

	As at	
	31 December 2019	31 December 2018
<b>Balances due to related parties</b>		
Group entities	14.469	27.107
Associates	8.732	11.797
Joint ventures	0	1.316
<b>Total</b>	<b>23.201</b>	<b>40.220</b>
 <b>Balances due from related parties</b>		
Group entities	247.232	100.380
Associates	14.283	32.381
Joint ventures	256	141
<b>Total</b>	<b>261.771</b>	<b>132.902</b>

Transactions have been carried out with the following related parties:

- a) Hellenic Petroleum Group companies. Interests in subsidiaries are set out in Note 9.
- b) Associates and joint ventures of the Group, which are consolidated under the equity method:
  - Athens Airport Fuel Pipeline Company S.A. (EAKAA)
  - Public Gas Corporation of Greece S.A. (DEPA)
  - Elpedison B.V.
  - Spata Aviation Fuel Company S.A. (SAFCO)
  - HELPE Thraki S.A.
  - D.M.E.P. HOLDCO

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., The outstanding amount of which as at 31 December 2019 was €105 million (31 December 2018: €83 million)

- c) Government related entities which are under common control with the Company due to the shareholding and control rights of the Hellenic State and with which the Company has material transactions or balances:
  - Public Power Corporation Hellas S.A.
  - Hellenic Armed Forces
  - Hellenic Gas Transmission System Operator S.A.

During the year ended 31 December 2019, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €126 million (2018: €130 million);
  - Purchases of goods and services amounted to €68 million (2018: €51 million);
  - Receivable balances of €27 million (31 December 2018: €7 million); and
  - Payable balances of €16 million (31 December 2018: €10 million).
- d) Key management includes directors (Executive and Non-Executive Members of the board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable to the aforementioned key management amounted as follows:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Short-term employee benefits	4.615	4.246
Post-employment benefits	135	1.264
Termination benefits	1.633	1.661
<b>Total</b>	<b>6.383</b>	<b>7.171</b>

e) The Company has extended loans to its subsidiaries (Notes 10 and 12). The outstanding balance of these loans as at 31 December 2019 was €141 million (31 December 2018: €141 million). Interest income for the year was €7 million (2018: €7 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 4,65% (2018: 5,20%).

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 31 December 2019 was €690 million (31 December 2018: €760 million). Interest expense for the year was €36 million (2018: €42 million). All loans are at variable interest rates. The average interest rate on inter-company loans was 4,87% (2018: 5,40%).

### **36 Events after the end of the reporting period**

In January 2020 the extraordinary meeting of shareholders of Vardax SA, a group company, approved the issuance of a 5 year bond loan of a total of €5,0 million, maturing in February 2025. The bond loan will be issued in partial installments. Up to the date of these financial statements, Hellenic Petroleum S.A. has paid an amount of €0,8 million to Vardax.

On 17 February 2020, Hellenic Petroleum S.A. announced the acquisition (the “Transaction”) of a portfolio of photovoltaic (“PV”) projects (the “Project”) at final permitting stage, in the area of Kozani, N. Greece, from German RES developer and contractor JUWI. The Transaction, is expected to be completed during the second quarter of 2020, with the construction estimated at 16 months and the Project becoming operational in the fourth quarter of 2021; the total investment is estimated at €130 million.

On 20 February 2020, the Extraordinary General Meeting of the shareholders of Hellenic Petroleum S.A. granted permission, in accordance with the provisions of article 100 of Law 4548/2018, for the conclusion of a Memorandum of Understanding between the “Hellenic Republic Asset Development Fund S.A.” and Hellenic Petroleum S.A. regarding:

- The joint sale of DEPA Infrastructure S.A. (a company to be formed following the spin-off of DEPA’s infrastructure business, within the framework of its privatization process), and
- The participation in the sales process of DEPA Commercial S.A., (DEPA S.A. will be renamed to DEPA Commercial S.A., following the spin-off of DEPA’s infrastructure business, within the framework of its privatization process).

## 2. Board of Directors' Consolidated Annual Report for 2018



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**Annual Report of the Board of Directors of HELLENIC PETROLEUM SA  
on the Consolidated and Company Financial Statements  
for the Financial Year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2019**

## **Introduction**

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2019. The report has been prepared in accordance with the relevant provisions of L4548/2018, which replaced Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

This report includes a summary of the financial position and results of the Group (HELLENIC PETROLEUM) and the parent company HELLENIC PETROLEUM SA, description of significant events that took place during the current financial year, a description of anticipated significant risks and uncertainties for the following financial year, a disclosure of material transactions that took place between the Company and the Group and their related parties, presentation of qualitative information and estimates relating to the development of operations of the Company and the Group for the following financial year, as well as presentation of the most significant non-financial information that have an impact on the Company.

### **A. The Company and the Group**

The Group is comprised of 49 companies, including the Parent Company, which is listed on the Athens and London Stock Exchanges. The list of subsidiaries and associate companies, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place in 1998 when the parent company was initially listed, as well as subsequent corporate transactions (acquisitions and mergers).

The Group has a business structure in place for the management and monitoring of its activities. Specifically, all Group activities are categorized in the following key segments (Strategic Business Units) as below:

- Refining, Supply and Trading
- Marketing (Domestic and International)
- Production and Trading of Petrochemicals
- Exploration and Production of Hydrocarbons
- Electricity Generation (from conventional and renewable energy sources) & Trading and Natural Gas

The Group is also involved in other activities, which, despite their strategic importance (e.g. Engineering Services), do not yet form a significant part of the Group's financial position.

## A.1 HELLENIC PETROLEUM SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs (Global Depository Receipts) on the London Stock Exchange and its bonds, issued by its subsidiary HPF plc, on the Luxemburg Stock Exchange. Its shareholder structure on 31.12.2019 was:

- Paneuropean Oil and Industrial Holdings SA: 45.47%
- Greek State: 35.48%
- Institutional and private investors: 19.05%

## A.2 Main Group Activities

The main activities of the Group cover a wide spectrum of the energy sector, making HELLENIC PETROLEUM one of the most important energy groups in South-Eastern Europe.

Key points per activity are summarised below:

### a) Refining, Supply and Trading

The Refining, Supply and Trading segment is the Group's core business and main source of revenues and profitability.

#### Activities in Greece

Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6.65 million m<sup>3</sup> of crude oil and petroleum products.

Each refinery has distinct technical characteristics, as outlined in the table below, which determine their financial performance and profitability.

Refinery	Daily Refining Capacity (Kbpd)	Annual Refining Capacity (mil. MT)	Configuration Type	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	9.7
Elefsina	106	5.3	Hydrocracking	12
Thessaloniki	90	4.5	Hydroskimming	5.8

In 2019, utilisation rate at Group refineries was negatively affected by end of run performance for Aspropyrgos and Elefsina refineries and the full turnaround at Elefsina, which was safely and successfully completed in 4Q19. As a result, production was lower at 14.2m MT; sales were equally affected, amounting to 15.2m MT, with exports at 7.9m MT, accounting for 52% of total sales, maintaining the Group's position as one of the most export-oriented in the region, while Aviation & Bunkering sales recorded a 5% increase to 2.8m MT.

Crude oil optimization supply and refining performance led to a strong realized margin, significantly exceeding benchmark for one more year.

Refineries' operation, in line with plan, led the middle distillates yield (diesel, jet) to 50% with gasoline yield to 22%. Overall, the production of high value-added products amounted to 84%; among the highest in the European refining industry, while fuel oil was limited to 12%. It is worth highlighting that since November 2019, the Group has adopted its new operating model for drastic reduction on HSFO production, ahead of the new marine fuels specifications (IMO / MARPOL).

Refining, Supply and Trading, profitability was maintained at satisfactory levels, due to good refining performance, despite considerably weaker benchmark refining margins in the Mediterranean, which reached the lowest levels in the last 5 years. Crude oil prices recovered during the year, leading to inventory gains, with an impact on Reported Results vs Adjusted.

### **Crude Oil Supply**

Crude oil supplies are controlled centrally and carried through term contracts and spot purchases.

Crude oil supply increased at 2019, mainly due to higher production in the US and other non-OPEC countries, while OPEC continued its policy of production and export control, which combined with US sanctions and supply disruption of Russian crude oil in 1H19, had a negative impact in the Mediterranean. Nevertheless, HELLENIC PETROLEUM took advantage of opportunities, which presented in the pricing structure of various crude types in the region, mainly due to financial liquidity. As a result, it adjusted its crude mix, reflecting the attractiveness of certain crude types vs others, as well as new marine fuel specs at the end of the year resulting in an increase of crude supply from Iraq (34%), Kazakhstan (21%) and Russia (15%), while supply from Saudi Arabia reached 6%, as no transactions took place with Iran. Regarding N. Africa crude supplies, Libyan supply was reduced to 5% and Egyptian came in at 7%.

The ability to access and the flexibility of the Group's refineries to process a wide range of crude oil types constitute one of its main competitive advantages, proved to be particularly important, both as a profitability contributor, as well as the ability of the company to respond to sharp supply shortages of specific types of crude oil, thus ensuring the uninterrupted supply of the markets where the Group operates.

### **Refinery Sales (Wholesale Trading)**

HELLENIC PETROLEUM S.A. is engaged in ex-refinery sales of petroleum products to marketing companies in Greece, including its subsidiary, EKO ABEE, as well as to other specialty customers, such as the country's armed forces, while 50% to 60% of the production is exported. All of the Group's refinery products comply with the European standards (Euro VI).

### **International Activities**

Group's international refining activities refer to the OKTA facility, which is located in Skopje and is connected to Thessaloniki refinery through a pipeline, with the ability to transport high value-added products (e.g. diesel). OKTA's location is one of its significant competitive advantages for the domestic

distribution of products through marketing companies as well as for exports to neighbouring Balkan markets.

## **b) Marketing**

Marketing business is split into Domestic activities, through Greek subsidiary EKO ABEE and International activities.

### **Domestic Marketing**

In Greece, the Group, through its subsidiary EKO ABEE, possesses the most comprehensive fuel retail network in the country via the EKO and BP brands, which includes 1,722 service stations, 244 of which are company-operated.

EKO ABEE offers the most wide-ranging fuels supply network in the country comprising 15 fuel storage and distribution facilities, 24 aircraft refueling stations in the major Greek airports, 2 LPG bottling plants and 1 lubricants production and packing site.

EKO and BP's market share, according to company's estimates, improved in 2019 in most products. In motor fuels, market share, also considering industrial customers, exceeded 32%, while EKO's leading position in aviation and marine fuels was sustained, with increased aviation sales, mainly due to increased tourist traffic.

The Group has agreed with BP plc to extend the exclusive use of the BP trademarks for ground fuels in Greece until the end of 2020, with the option of a further renewal until the end of 2025.

### **International Marketing**

The Group international business operates through its subsidiaries in Cyprus, Bulgaria, Serbia, Montenegro and the Republic of North Macedonia. The petrol stations' network consists of 311 petrol stations, including 27 petrol stations that bear the brand name of OKTA, a Group subsidiary in the Republic of North Macedonia. In Cyprus and Montenegro the local subsidiaries (from the acquisition of pre-existing companies), hold leading positions in their markets. In Bulgaria and Serbia, where activities began greenfield, the Group's subsidiaries, are currently among the five largest in their sector.

## **c) Production and Trading of Petrochemicals/Chemicals**

Petrochemicals activities mainly focus on the production and marketing of polypropylene, BOPP film and solvents, as well as the trading of imported plastics and chemicals.

Based on its financial contribution, the propylene-polypropylene-BOPP value chain represents the main activity for petrochemicals. The polypropylene production plant in Thessaloniki sources propylene mainly from the Aspropyrgos refinery. Part of the polypropylene output is used as raw material in the BOPP film production unit in Komotini.

68% of sales volumes are directed to the markets of Turkey, Italy, the Balkans and the Iberian Peninsula for use as raw materials in local manufacturing.

#### **d) Exploration and Production of Hydrocarbons**

HELPE Group exploration and production activities are focused in Greece with a promising portfolio of assets:

- HELLENIC PETROLEUM has a 25% working interest in a Joint Controlled Operation with Calfrac Well Services Ltd (75%) in the Sea of Thrace concession, North Aegean; covering a total area of 1,600 sq. km. Geological studies are currently in progress.
  - The Group has a 50% working interest, as Operator, through HELPE PATRAIKOS in a Joint Venture with EDISON International SpA (50%) in the offshore block of Patraikos Gulf (West), covering an area of 1,419 sq. km.
  - The Group, has exclusive rights of hydrocarbons exploration and production (100%, Operator) in the onshore blocks of 'Arta-Preveza' and 'N.W. Peloponnese', covering an area of 4,762.90 and 3,778.30 sq km respectively.
  - The Group has a 25% working interest, in a Joint Venture with TOTAL (50%, Operator) and EDISON (25%) in the offshore block of Ionian Sea 'Block 2', covering an area of 2,422.10 sq km.
  - The Group was awarded rights of hydrocarbons exploration and production (100%, Operator) in the offshore block of Kyparissiakos Gulf 'Block 10', covering an area of 3,420.60 sq km.
  - The Group has a 50% working interest, in a Joint Venture with REPSOL (50%, Operator), in the offshore block 'Ionian' covering an area of 6,671.13 sq km.
  - The Group has a 20% working interest, in a Joint Venture with TOTAL (40%, Operator) and ExxonMobil (40%), in the offshore blocks 'West Crete' and 'South West Crete', covering areas of 20,058.40 and 19,868.37 sq km respectively.
- HELLENIC PETREOLUM has submitted the sole offer for the offshore Block 1, north of Corfu Island and is expecting the outcome of the process.

#### **e) Electric Power and Natural Gas**

##### **Power Generation and Trading**

The Group is active in the generation, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V.. The remaining 50% is held by EDISON International.

In July 2019, Elpedison BV, acquired a 24.22% stake in ELPEDISON S.A. from ELLAKTOR and ELVAL-HALCOR for a cash consideration of €20m. Following the completion of the transaction, Elpedison BV owns 100% of the share capital of Elpedison SA. The acquisition strengthens the position of the Group in ELPEDISON S.A. and enables the implementation of its strategy in the Power sector.

ELPEDISON S.A. is currently the second largest independent power producer in Greece with a total installed capacity of 810 MW (comprising a 390 MW plant in Thessaloniki, since 2005 and a 420 MW plant

in Thisvi, since 2010). In 2019, ELPEDISON S.A. was granted by RAE with a power generation permit for a new combined cycle station in Thessaloniki, with natural gas as a fuel, with a nominal capacity of 826 MW.

### **Natural Gas**

The Group is active in the natural gas sector through its participation in DEPA SA (35% HELLENIC PETROLEUM SA, 65% HRDAF). DEPA Group is active in a) the supply of Natural Gas in Greece (through long-term contracts as well as spot cargoes of LNG), b) the supply of Natural Gas to large scale customers (power generation plants, industries and supply companies), c) natural gas supply through EPA Attiki to small and medium scale consumers and d) the distribution of medium and low-pressure gas through the Gas Distribution Companies (EDA), following the unbundling of distribution and supply activities. DEPA also participates in international gas transportation projects.

### **Corporate Transformation of DEPA Group**

In the context of the implementation of Law 4643/2019, the process of corporate transformation of DEPA Group is under way. More specifically, the Law provides the partial split of the infrastructure sector from DEPA S.A., which will be transferred to DEPA INFRASTRUCTURE S.A., as well as the secession of the international projects sector that will be transferred to DEPA INTERNATIONAL PROJECTS S.A.. After completion of the above, DEPA S.A. will be renamed to DEPA COMMERCIAL S.A. and will maintain all activities of the commercial sector, directly or through its subsidiaries.

In December 2019, HRADF S.A. invited interested parties to submit Expressions of Interest ('EoI') for their participation in the international tendering process for the acquisition of 100% of the share capital of the company "DEPA INFRASTRUCTURE S.A.". At the same time, HELLENIC PETROLEUM S.A. concluded a Memorandum of Cooperation with HRADF S.A. for the joint sale of 100% of DEPA INFRASTRUCTURE S.A. On 21 February 2020, 9 parties submitted expressions of interest in the sale process.



## **B. Major Events of Financial Year 2019**

### **B.1 Business Environment**

#### **a) Global Economy<sup>1</sup>**

In 2019, the growth rate of the global economy slowed to the lowest levels post-crisis estimated at 2.4%, and lower versus the 3% recorded last year, amid weakening trade and investment. GDP growth in advanced economies declined by 0.6% to 1.6% and in emerging economies from 4.3% in 2018 to 3.5% in 2019.

In the Euro Area, economic activity deteriorated significantly. GDP growth slowed considerably to an estimated 1.1%, compared to 1.9% in 2018 and 2.5% in 2017. Several economies were on the verge of recession at some point last year, with particular weakness in the German industrial sector, due to falling Asian demand. Uncertainty concerning Brexit also weighed on growth.

In the U.S., growth is estimated to have reached 2.3% in 2019, as investment and exports slowed, down by 0.6% versus last year. Prior to the recent trade deal with China, rising tariffs have increased trade costs, while policy uncertainty has weighed on investment and confidence. As in many other advanced economies, the U.S. manufacturing sector has been weaker.

With regard to emerging economies, growth in China, which remains strong, is estimated to have reached 6.1% in 2019 (down 0.5% compared to 2018), amid cooling domestic demand and heightened trade tensions. Trade policy uncertainty and higher tariffs on trade with the United States weighed on investor sentiment for most of 2019. Industrial production growth has reached multiyear lows. In Turkey, economy stagnated in 2019 (versus 2.8% in 2018) amid subdued confidence and investment.

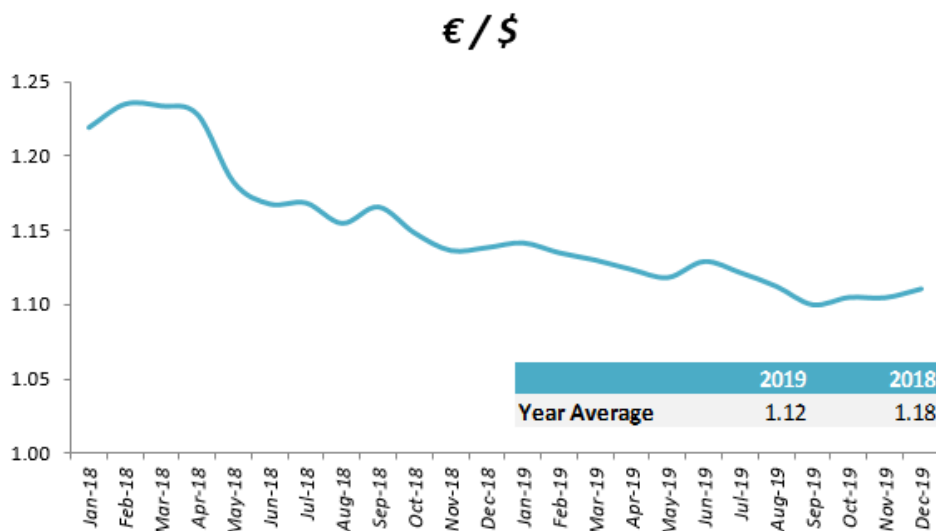
#### **b) Financial Indicators**

In 2019, EUR / USD exchange rate was on average 1.12 versus 1.18 in 2018, on weaker Eurozone economic activity and political developments that increased uncertainty and monetary easing policies by the ECB.

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<sup>1</sup> Source: World Bank, *World Economic Outlook Update, January 2019*

## €/ \$ Exchange rate



### c) Petroleum Industry<sup>23</sup>

World oil demand growth is estimated to have increased by 0.9 mbd in 2019, taking global demand to 99.8 mbd. In 2020, it is expected to increase by 1.2 mbd, exceeding 100 mbd, mainly from non-OECD countries. Demand in Europe was stable and in North America has increased by 0.1 mbd, affected in both regions by economic activity slowdown. Demand in Asian OECD was lower by 0.1 mbd affected by weaker demand for industrial fuels petrochemicals.

Global oil supply in 2019 declined by 0.10 mbd compared to 2018. OPEC crude oil production in 2019 declined by 2.0 mbd compared to a year earlier. Non-OPEC supply growth at 1.86 mbd, with the US being the key contributing country.

OPEC agreed in December to cut output by an additional 0.5 mbd a day in the first quarter of 2020, plus a further 0.4 mbd voluntary reduction by Saudi Arabia, reaching total reduction at 2.1 mbd.

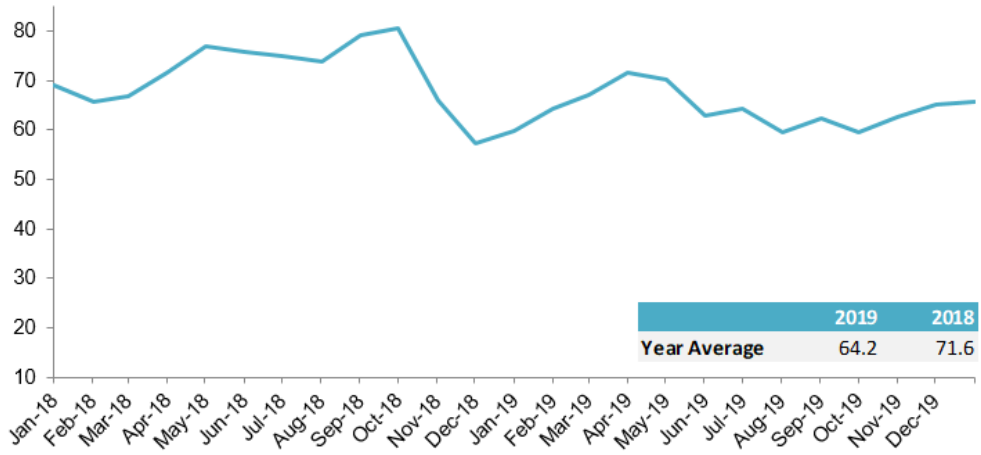
Brent crude oil averaged \$64/bbl in 2019, down 10% vs 2018. Brent price was supported in 1H19 by OPEC productions cuts and lower exports from Venezuela and Iran due to sanctions, averaging \$68.5/bbl in 2Q19, but those were outweighed in 2H19 by weakening oil demand and deteriorating outlook.

In terms of crude oil differentials, the Brent-WTI averaged \$7.1/bbl in FY19, almost stable versus 2018 due to the continued increase in US production, however it was tighter in 2H19 on new pipeline infrastructure. Brent-Urals spread in 2019 decreased by \$1.2/bbl, reaching parity with Brent due low availability and high demand in Mediterranean region.

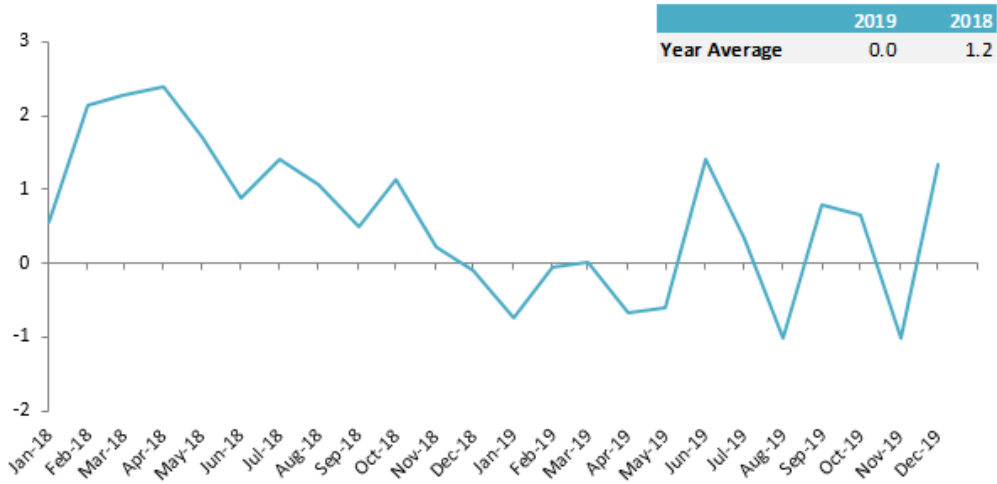
<sup>2</sup> Source: OPEC, "Monthly Oil Market Report", January 2020

<sup>3</sup> IEA, Oil Market Report: December 2019

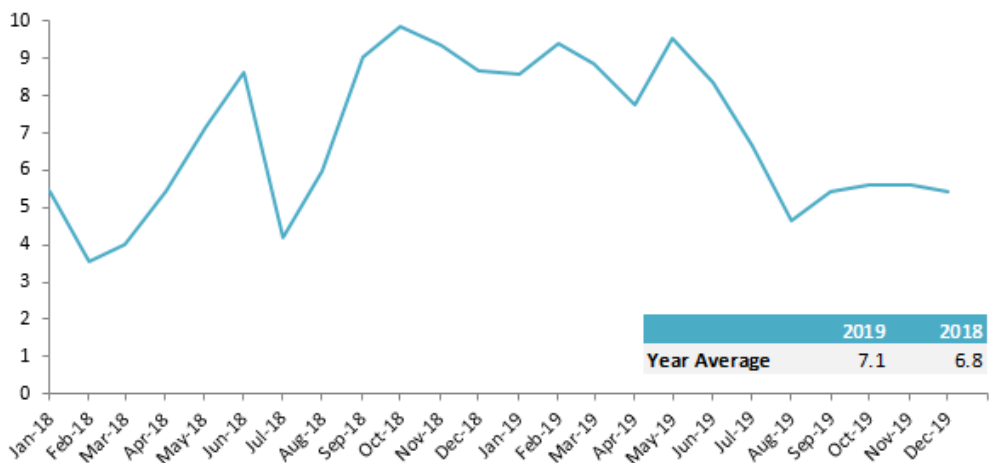
**Brent Crude oil Prices (\$/bbl)**



**Brent- Urals spread (\$/ bbl)**

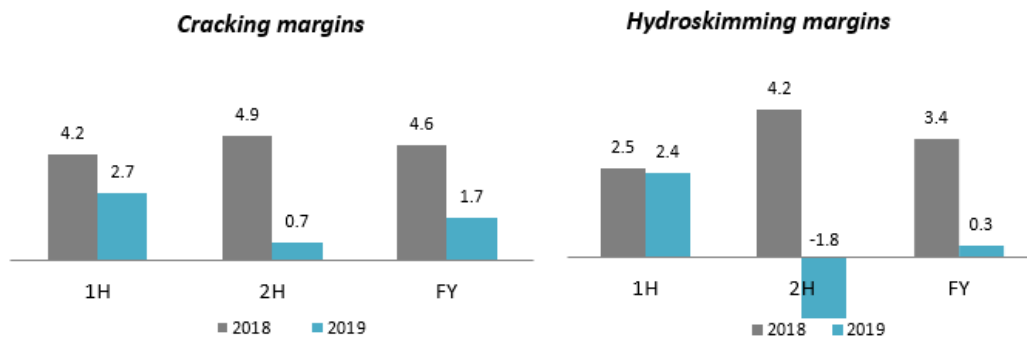


**Brent- WTI spread (\$/ bbl)**



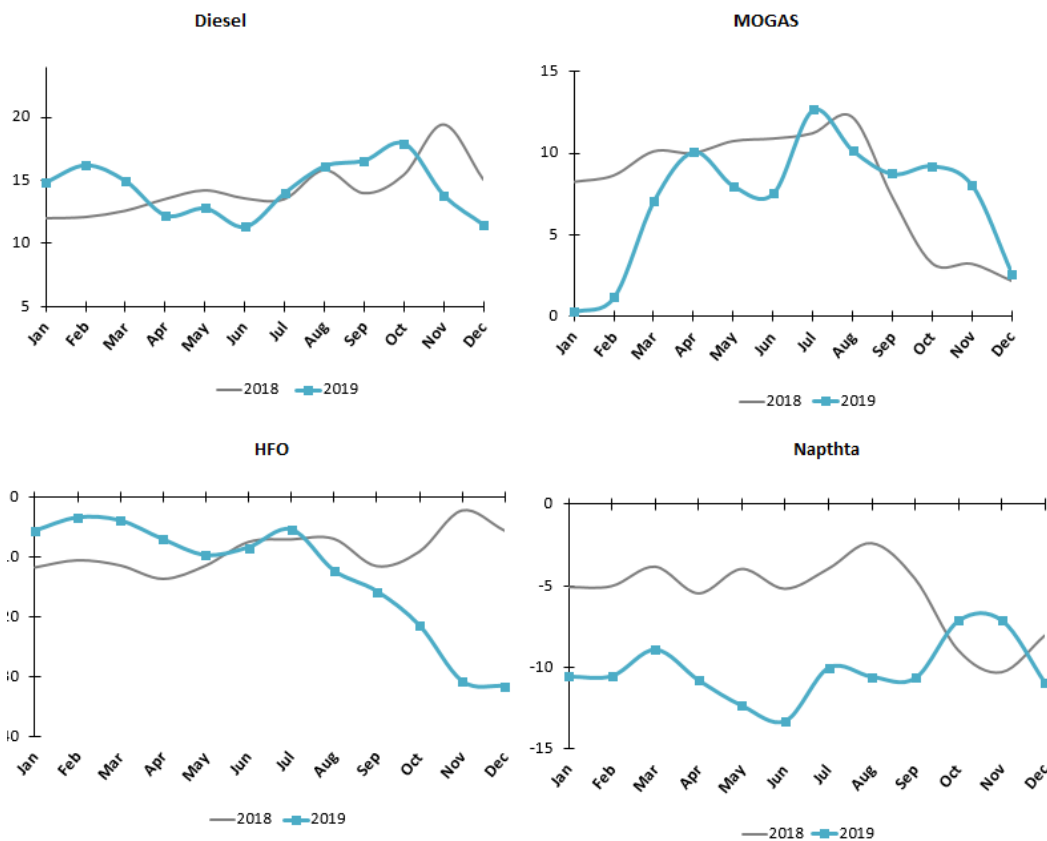
## Benchmark refining margins

Benchmark margins for Mediterranean<sup>4</sup> refineries were significantly weaker in 2019, at the lowest levels in the last 5 years. Key drivers were supply/demand balances of products and Urals crude pricing. Med benchmark cracking margin averaged at \$1.7/bbl in 2019, \$2.9/bbl lower y-o-y and Med Benchmark Hydroskimming margin \$0.3/bbl, reduced by \$3/bbl compared to 2018. In 4Q19 refining margins were at negative levels on the back of very low fuel oil cracks.



## Oil product cracks (\$/bbl)

Most product cracks were lower vs 2018, with the exception of diesel, which remained flat. Gasoline crack at \$7.1/bbl in 2019 (\$8.1/bbl FY18). Diesel cracks were at \$14.4/bbl in 2019 remaining stable y-o-y. HSFO crack averaged \$-13/bbl in 2019, decreasing to \$-28/bbl in 4Q19 at ahead of the implementation of IMO.



<sup>4</sup> Πηγή: Reuters, January 2020

#### d) Greek Market<sup>56</sup>

Following the recovery of the Greek economy in 2018, growth accelerated in 2019 (estimating an increase in nominal GDP of 2% vs 1.9% in 2018), mainly due to an increase in exports of goods and services. Greece fully lifted its remaining capital controls. In addition, employment growth and declining of unemployment rate have further improved economic outlook.

Greek bonds have been on a declining mode in 2019, reaching historic lows, as fundamentals and confidence improved further, with 10-year Greek bonds decreasing at a faster rate than other Eurozone periphery government bond yields.

Domestic fuel demand in 2019 amounted to 6.9m MT, according to preliminary official data, a 3% increase compared to 2018, being higher than 2018 in all four quarters. Greek domestic market increased for the first time the last 4 years. This increase was mainly due to a 12% increase in heating oil consumption. Auto-fuels demand recorded a 0.4% increase, with diesel 2% higher, partly offset by a small drop in gasoline.

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<sup>5</sup> Source: ELSTAT

<sup>6</sup> IMF, World Economic Outlook Database October 2019

## B.2 Business Developments

### a) Financial highlights

Tables below present the main financial and operational Group indicators for 2019:

Operational Data	2019	2018
Refinery sales (in million metric tons)	<b>15.2</b>	16.5
Marketing sales (in million metric tons)	<b>4.9</b>	5.0
Refinery production (in million metric tons)	<b>14.24</b>	15.48
Group employees	<b>3,606</b>	3,481

Financial Data (in million €)	2019	2018
Net sales	<b>8,857</b>	9,769
Reported EBITDA <sup>7</sup>	<b>574</b>	711
<i>Inventory effect – Loss (gain)<sup>7</sup></i>	<b>-24</b>	-48
<i>One offs<sup>7</sup></i>	<b>22</b>	67
<b>Adjusted EBITDA<sup>7</sup></b>	<b>572</b>	730
Reported net income (attributable to the owners of the Parent Company)	<b>164</b>	215
<b>Adjusted net income<sup>7</sup></b>	<b>185</b>	296

The Group's operating profitability in 2019 was negatively affected by the weaker refining environment, with benchmark Med margins deteriorating considerably, as well as reduced refining units availability, due to maintenance requirements, with Adjusted EBITDA at €572 million (2017: €730 million). Those were partially offset by improved trading performance and stronger USD vs the euro.

As a result of lower availability, production at the Group's refineries was 8% lower at 14.2m MT, with a respective decline in sales which came in at 15.2m MT.

In terms of Adjusted Net Income, (as it is defined in chapter G), the negative impact of the environment, was moderated by the decrease in financial expenses and tax rates. Reported Net Income was affected by one-off events, including the impact of the tender offer for the 2021 Eurobonds and came in at €164m.

<sup>7</sup> The selected alternative performance measure indicators are listed in Chapter G

Balance Sheet / Cash Flow (in million €)	2019	2018
Total Assets	7,092	6,989
Total Equity	2,327	2,395
Capital Employed <sup>7</sup>	3,869	3,855
Net Debt <sup>7</sup>	1,543	1,460
Net Cash Flows (operating & investing cash flows)	268	785
Capital Investments	241	157
% of debt on capital employed - Debt Gearing	40%	38%

## b) Share performance

In 2019, the ATHEX General Index rose significantly by 49.5% vs 2018, as confidence restoration in the domestic economy and banking sector accelerated, as reflected in the significant decline in bond yields, while economic recovery continued at rates exceeding Eurozone average. HELPE share price recorded a rise of 18.8%, closing at €8.77 on 31.12.2019, with an annual average trading volume of 88 thousand and an average share price of €8.46 over the course of the year.

On November 5, 2019, the Board of Directors decided to distribute an interim dividend of €0.25/share and proposed - to the General Meeting - the distribution of a final dividend of €0.25/share, resulting in the total proposed dividend for 2019 amounting to €0.50/share.

## c) Key Developments

The key business developments were as follows:

- Satisfactory refining sector profitability due to strong performance and capturing of crude oil pricing opportunities in the region, despite significantly weaker benchmark refining margins and crude supply issues in the Med and Eastern Europe.
- Production and sales maintained at high levels at 14.2 and 15.2 million MT respectively.
- Increased Fuels Marketing contribution, with improved performance in Greece and well as International business.
- Petchems sustained profitability at high levels, despite weaker benchmark margins.
- New €500m Eurobond issue, with a 2% coupon, the lowest cost of borrowing for the Group in more than 10 years and improvement in commercial terms, partially refinancing existing 2021

notes through a tender offer; combined with renegotiation of existing banking facilities led to an extension of the average maturity of debt liabilities and a significant cost reduction, which, for the full year was 21% lower at €116 million (excl. impact of new IFRS16 implementation and premium paid on tender offer on 2021 bonds).



## C. Review per Segment – Performance and Financial Position

The key developments and financial indicators for each of the Group main activities are:

### a) Refining, Supply and Trading

Financial results and operational indicators:

Financial Results (€ million)	2019	2018
Sales	7,754	8,682
<b>Adjusted EBITDA</b> <small>Error! Bookmark not defined.</small>	<b>354</b>	<b>548</b>
<b>Operational Indicators</b>		
Sales Volume (000s of MT)	15,216	16,490
FCC benchmark refining margin (average 2019)	\$3.3/bbl.	\$4.9/bbl.
Safety Index – AIF	3.1	2.6

#### Key points for Refining, Supply and Trading in 2019:

- Recovery of international crude oil prices during the year, from the lows recorded in the end of 2018, despite prices averaging \$64/bbl, vs \$72/bbl in 2018, on slowing global oil demand.
- Significantly weaker refining margins, as all product cracks were lower, with the exception of diesel that was flat on average.
- Safe and successful full turnaround at Elefsina refinery and transition to new IMO operating model at Aspropyrgos refinery.

### b) Marketing

Financial Results (€ million)	2019	2018
Sales	3,258	3,329
<b>Adjusted EBITDA</b> <small>Error! Bookmark not defined.</small>	<b>138</b>	<b>93</b>
<b>Operational Indicators</b>		
Sales Volume (k mT) – Total	4,928	4,955
Sales Volume (k mT) – Greece	3,870	3,902
Fuel stations – Greece	1,722	1,739
Fuel stations – International	284	280

**Key points for the Domestic Marketing activities in 2019:**

- Increased transport fuels sales through the retail network with further increase of differentiated fuels (100-octane gasoline and premium diesel).
- Improvement in auto fuels market share, which collectively for both brands exceeded 32%.
- Emphasis on the development of company-operated stations, which presently exceed 240, as well as the range of products and services provided through points of sale.
- Increased lubricants and LPG (auto, industrial and bottled) sales through petrol stations' network and through trading partners
- Leading position in aviation and marine fuels was sustained.

**Key points for the International Marketing activities in 2019:**

- Increased demand in specific products and markets, growth of the retail network and continuous marketing activities led to increased sales in most of the Group's International subsidiaries. At the same time, the vertical integration of the commercial subsidiaries with the Group's refineries is sustained at high levels, aiming to maximize the economic benefits through the optimization of the supply chain.
- In Cyprus, retail network growth, combined with the increased demand and the new commercial partnerships in the wholesale segment resulted in improved profitability. During the year, construction activities for the new fuels terminal at Vasiliko started, with expected completion and operation during 1H20. During 2020, works for the new LPG terminal will start, scheduled to be completed by end of year.
- In Bulgaria, the strengthening of the retail and wholesale margins led to an improvement in profitability despite, the marginal decrease in volumes driven by increased competition.
- In Montenegro, increased retail and aviation sales led to a marginal increase in total volumes however, while investments were targeted to network expansion, as well as the refurbishment of existing petrol stations.
- EKO Serbia's profitability improved due to higher volumes and increased mini-market profitability (NFR).

### c) Petrochemicals

Financial Data and basic operational indicators:

Financial Results (€ million)	2019	2018
<b>Sales</b>	<b>299</b>	315
<b>Adjusted EBITDA</b> <small>Error! Bookmark not defined.</small>	<b>93</b>	100
<i>Operational Indicators</i>		
<b>Sales Volume (kMT) - Total</b>	<b>283</b>	279
<b>Polypropylene margin (€/ton)</b>	<b>428</b>	481

#### Key points for Petrochemicals in 2019:

- In 2019, profitability in the petrochemical sector remained high, recording an EBITDA of €93 million.
- Polypropylene production, amounted to 246 kMt, historical high, combined with the record production of propylene from the Aspropyrgos refinery (201 kMt) and the sustained vertical integration between the units, helped to maintain petrochemicals profitability despite the weaker benchmark polypropylene margins.
- In a highly competitive and volatile environment, HELLENIC PETROLEUM managed to fully exploit its production units, with improved performance.

### d) Exploration and Production of Hydrocarbons

In Patraikos Gulf (West) block, during the 2<sup>nd</sup> two-year Exploration Phase, the Lessee is committed to drill one exploration well and drilling preparations are ongoing. On 23 December 2019 the Lessor, following Operator's application to HHRM, has approved an 18-month extension of the 2<sup>nd</sup> Exploration Phase.

In the two onshore concessions 'Arta-Preveza' and 'N.W. Peloponnese' geological, geophysical and environmental studies, as well as permitting processes are ongoing in the areas. Preparations for the 2D seismic acquisition campaign are also in progress.

Geological and environmental studies are ongoing on the offshore areas "Block 2", "Ionian" and "Block 10"

In the offshore blocks 'West Crete' and 'South West Crete', the 1<sup>st</sup> exploration phase is in process with the geological and environmental studies.

### e) Electric Power and Natural Gas operations

The Group's power and natural gas activities relate to the Group's participations to ELPEDISON BV (50% HELLENIC PETROLEUM S.A., 50% EDISON) and DEPA S.A. (35% HELLENIC PETROLEUM S.A., 65% Hellenic Republic Asset Development Fund - HRADF) respectively. The contribution of Power and Gas activities to the profits of HELLENIC PETROLEUM Group, according to the companies' provisional financial statements, amounted to €15m in 2019 vs €29m in 2018.

The power generation sector contributed significantly to ELPEDISON S.A. results in 2019, as profitability margins increased compared to 2018. The main drivers of the power generation market in 2019 were: increased production of natural gas, lower cost of natural gas due to cheaper LNG imports and a significant increase in CO<sub>2</sub> emissions rights. Also the implementation of a new 'Transitional Flexibility Compensation Mechanism' in 1Q19 had a positive effect, following the previous mechanism, whose operation was completed in April 2017. The new mechanism was terminated on April 2019, as its operation is linked to the implementation of the Target Model, which according to schedule, is expected to be operational in 2020.

In the retail power market, intense competition in 2019 drove profitability margins to lower levels than 2018. Despite the competitive environment, ELPEDISON S.A. continued to grow its customer base, thus being included among the largest alternative electricity suppliers, with sales of ≈ 2,200 GWh and a retail market share of 4.35% in 2019 (according to the Greek Energy Exchange), to high, medium and low voltage customers.

In 2019, Elpedison strengthened its position in the liberalized market of Natural Gas supply, expanding its customer base, mainly in the regions of Attica, Thessaloniki and Thessaly, while it is already importing significant quantities of Liquefied Natural Gas (LNG) through DESFA's terminal in Revithoussa, part of which is channeled into the wholesale market.

During 2019, domestic Natural Gas consumption increased by 9% compared to the same period of 2018 (domestic consumption 2019 at 4.9 bcm), mainly due to higher demand from electricity producers and domestic consumers.

During the course of the year, the low cost of Liquefied Natural Gas (LNG), combined with the upgrading of the capacity of the Revithoussa LNG terminal, enabled alternative supply to large DEPA customers, such as electricity producers, leading to a reduction in DEPA's sales and market share. DEPA Group's contribution to the profits of HELLENIC PETROLEUM Group came in at €21m, lower on a comparable basis, following the sale of DESFA. AA number initiatives in managing the Supply / Trading portfolio, as well as to the growth in consumption in the retail natural gas market had a positive impact, which in turn led to the increase of the profitability of DEPA's supply and distribution subsidiaries.

## D. Corporate Governance Statement

The present statement has been prepared in accordance with the provisions of article 152 of L. 4548/2018; it is included in the Company's Annual Management Report for the 2019 fiscal period, as a special part thereof, and is available via the Company's website at: <https://www.helpe.gr/investor-relations/corporate-governance/statement-of-corporate-governance/>

The institutional framework governing the Company's operation and obligations is L. 4548/2018 on the reform of the law of sociétés anonymes, which replaced Codified Law 2190/1920 (as of 1<sup>st</sup> January 2019), as well as L. 3016/2002.

The Company's Articles of Association, as amended by the Extraordinary General Meeting of 20<sup>th</sup> December 2019 in order to be aligned with the provisions of L. 4548/2018, is available via the Company's website at: <https://www.helpe.gr/investor-relations/corporate-governance/articles-of-association-data>.

As a company the shares of which are traded on the Athens Stock Exchange, the Company has additional obligations in respect of the individual sections of governance, investors' and supervisory authorities' information, financial statements' publication, etc. The principal laws describing and imposing the additional obligations are L. 3016/2002, L. 3556/2007, L. 4374/2016, the Athens Stock Exchange Regulation, as well as L. 4449/2017 regarding the role and competences of the Audit Committee.

### D.1 Corporate Governance Code

The Company has adopted the **Corporate Governance Code for Listed Companies of the Hellenic Corporate Governance Council (HCGC)** (or "Code"). This Code can be found on the HCGC's website, at the following e-address: <https://www.athexgroup.gr/el/web/guest/esed-hellenic-cgc>.

Apart from the HCGC's website, the Code is also available to all employees through the company intranet, as well as in hard copy through the Group Finance and Human Resources.

During 2019, the Company complied with the provisions of the above Code with the deviations mentioned below in paragraph D.2., while it intends to adopt appropriate policies and proposals to minimize existing deviations from the provisions of the Code.

In addition to the provisions of the Code, in the course of 2019, the Company complied with all relevant provisions of the Greek Legislation.

### D.2 Deviations from the Corporate Governance Code

On occasion, the Company may deviate from or not fully apply certain provisions of the Code (noted in *italics*).

- With regard to the size and composition of the Board of Directors (or "BoD"):
  - Based on the Company's shareholding composition, certain rules have been formulated in relation to the appointment and replacement of BoD members, which are explicitly mentioned in the Company's Articles of Association, also in accordance with the applicable provisions of Law

3429/2005. The “Greek State” appoints seven (7) members out of a total of thirteen (13) members of the BoD, as long as it holds, directly or indirectly, through the Hellenic Republic Asset Development Fund, at least 35% of the shares. The shareholder “Paneuropean Oil and Industrial Holdings SA” and its associated undertakings appoint two (2) members of the BoD, on precondition that they hold at least 16.654% of the total voting shares of the Company. It is obligatory for two (2) members of the BoD to be representatives of the employees, elected by them in the Company and two (2) members are representatives of the minority shareholders, elected by the Special General Meeting of the rest of the shareholders (i.e. of shareholders other than the Greek State and Paneuropean Oil and Industrial Holdings SA and/or undertakings associated to the latter) *A.II (2.3, 2.4 & 2.8)*.

- With regard to electing candidate BoD members:
  - All rules for the appointment and replacement of BoD members, as described above, apply on the subject of electing candidate BoD members. The BoD term is set at five (5) years, extended until the end of the period within which the immediately next Annual General Meeting of shareholders must be held. *A.V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*.
- With regard to the operation, in general, and evaluation of the BoD:
  - Apart from the evaluation of the BoD through its Activities Report submitted to the Annual General Meeting of shareholders, the BoD monitors and reconsiders the implementation of its decisions annually. Assigning the evaluation of the BoD’s performance to an external consultant is under consideration for 2020. *A.VII (7.1 & 7.2)*.
- With regard to the level and structure of remuneration:
  - The remuneration, in general, of the Chairman of the BoD, the CEO and all members of the BoD (executive or non), for their participation in the meetings of the BoD and its committees, is approved by the General Meeting of Shareholders, following a relevant proposal by the Remuneration & Succession Planning Committee of the BoD. *C.I (1.4)*.
  - There is no specific operating regulation for the operation of the Remuneration & Succession Planning Committee of the BoD; this is governed by the operational rules regarding collective bodies (Invitation by its Chairman, Agenda, minutes recording, etc.). *C.I (1.6, 1.7, 1.8, 1.9)*.
  - The Company publishes the total compensation of the members of the BoD for their participation in it and the BoD Committees, as well as the total remuneration - other than the above compensation - paid to the Executive BoD Members *C.I (1.11)*. The Company’s Remuneration Policy was approved by the Extraordinary General Shareholders' Meeting on 20.12.2019, in accordance with the provisions of Law 4548/2018. The Remuneration Policy is described further below under paragraph D7.
- With regard to the General Meeting of shareholders:
  - Without prejudice to those stated above as regards the election of BoD members, the Company complies with all provisions of L. 4/2018 and respective provisions of the Code. *D.II (1.1)*.

### D.3 Corporate Governance Practices Exceeding Legal Requirements

In the context of implementing a structured and adequate system of corporate governance, the Company has applied specific practices of good corporate governance, some of which are on top of those provided by the applicable legislation.

Specifically, the Company applies the following additional corporate governance practices, all of which are related to the size, composition, responsibilities and overall operation of the BoD:

- Due to the nature and objective of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, and in order to assist it in its work, the BoD has established committees that comprise of its members, with advisory, supervisory or approving authorities. These committees are outlined below (a detailed reference to them shall be made at the end of this Statement, under paragraph “Other BoD Committees”).
  - I. Audit Committee
  - II. Crude oil and Products Supply Committee
  - III. Finance & Financial Planning Committee
  - IV. Labour Issues Committee
  - V. Remuneration & Succession Planning Committee
- In addition to the above committees of the BoD, committees with an advisory and coordinating role have been established and operate in the Company. They comprise of senior executives of the Company and their goal is to support the work of the Management. The principal such committees are the following:
  - I. Group Executive Committee
  - II. Manufacturing Activities Committee
  - III. Domestic & International Fuels Marketing Committee
  - IV. Oil Supply and Sales Committee
  - V. Group Credit Committee
  - VI. Investment Evaluation Committee
  - VII. Electricity, Natural Gas & Renewable Energy Sources Committee
  - VIII. Exploration and Production Committee
- The BoD has adopted provisions in the Company’s Internal Operating Regulation on the prohibition of stock exchange transactions by the Chairman of the BoD, the CEO and other members of the BoD, for as long as they serve as either Chairman of the BoD or CEO of an associated company. The BoD has also adopted a Procedure of Monitoring and Disclosure of Significant Participations and Transactions on the Company’s shares, as well as a procedure of Monitoring and Disclosing Transactions and Financial Activity with the Company’s key clients and suppliers.

The Code of Conduct, which has been adopted since 2011, is subject to an assessment and revision process, with the intention of complementing it by a conflict of interests’ policy, which is expected to be adopted.

## Plurality Policy

Due to the manner of appointing and replacing BoD members, as stated in paragraph D2 above, it is not possible for the Company to apply a policy of plurality in the BoD.

## D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process

The System of Internal Controls and Risk Management of the Company in relation to the financial reporting process include controls and audit mechanisms at different levels within the Organization, that are described below:

### a) Group Level Controls

#### *Risk identification, assessment, measurement and management*

The range, the size and the complexity of the activities of the Group requires a comprehensive system of methodical approach and risk management, which is applied by all Group's companies.

The prevention and management of the risks is a core part of the Group's strategy.

The identification and assessment of risks takes place mainly during the strategic planning and the annual preparation of the business plan. The benefits and opportunities are examined both in the context of the company's activities, but also in relation to the several and different stakeholders who may be affected.

The issues examined vary subject to market and industry conditions and include indicatively, political developments in the markets where the Group operates or procures significant quantities of crude oil, changes in technology, changes in the regulation, macro-economic indicators and the competitive environment.

#### *Planning and Monitoring / Budget*

Group performance is monitored through a detailed budget by operating sector and market. The budget shall be adjusted systematically to take into account the development of the Group's financials that depend greatly on external factors, such as the international refining environment, crude oil prices and the euro / dollar exchange rate. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with the actual results, as well as through Management Team meetings.

#### *Adequacy of the Internal Controls System*

The Internal Control System consists of the policies, procedures and tasks which have been designed and implemented by the Management Team for the effective management of risks, achievement of business objectives, reliability of financial and administrative information and compliance with the laws and regulations.

The Group's Independent Internal Audit Department, by means of periodic assessments, ensures that the identification procedures and risk management applied by the Management are sufficient, that the



Internal Control System operates effectively and that information provided to the BoD relative to the Internal Control System, is reliable and of good quality.

The Internal Audit Department shall draw up short-term (annual) and long-term (three-year) rolling Audit Plan based on ad-hoc risk assessment, as well as on other issues identified by the Audit Committee and the Management Team. The Audit Committee is the supervisory body of the Internal Audit Department. The overall Audit Plan is approved by the Audit Committee.

The Internal Audit Department submits quarterly reports to the Audit Committee, so that the monitoring of the adequacy of the Internal Control System is consistent.

The reports of the Management Team and the Internal Audit Department provide the assessment of significant risks and the effectiveness of the Internal Control System relative to their management. Through these reports the identified weaknesses together with their possible impact, as well as with the actions of the Management team to resolve them are being communicated. The results of the controls and the monitoring of the implementation of the agreed improvement actions considered the Risk Management System of the company.

To ensure the independence of the audit of the Group's annual financial statements, the BoD has a specific policy to form recommendations to the General Meeting of shareholders for the election of the External Auditor. This policy, among others, calls for the selection of the same auditing company for the whole Group, as well as the audit of the consolidated financial statements and tax compliance certificates. The selection of the independent External Auditor is made among leading internationally acclaimed firms.

#### *Roles and Responsibilities of the BoD*

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

#### *Fraud prevention and detection*

In the context of risk management, the areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. Examples include the existence of detailed organizational charts, process manuals on several areas (procurement, oil products supply, credit, treasury management), as well as detailed procedures and approval authority levels. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

#### *Internal Procedures Manual*

The Company has drafted an Internal Procedures Manual, which is approved by the BOD of the company. The Internal Procedures Manual includes definitions of the roles and responsibilities of each position emphasising the segregation of duties within the Company.

### *Group's Code of Conduct*

The company in the context of the fundamental obligation of good corporate governance, it has drafted and adopted since 2011 the Code of Conduct, approved by the BoD of the company. The Code of Conduct summarizes the principles according to which any person, employee or third party involved in the operation of the Group, as well as collective body, should act within the framework of their duties. For this reason, the Code constitutes a practical guide of the day-to-day tasks of all employees of the Group, but also of third parties who cooperate with it.

#### **b) Information Technology General Controls**

The Group's IT and Digital Transformation Department is responsible for developing the technology and IT strategy. It is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary.

The Company has developed an adequate framework for monitoring and control of its information systems, which is defined by a set of internal controls, policies and procedures, and through a series of interventions and implementations, has ensured compliance with all required regulatory frameworks and guidelines (e.g. Personal Data Protection Regulation, Critical Infrastructure Directive).

Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan, which is updated annually. In addition, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept.

Finally, a specific procedure has been designed to ensure safe operation in the Group's systems through the existence of alternative systems in case of disaster (Disaster Recovery Sites) as well as a Business Continuity Plan is under development.

#### **c) Internal Controls over Financial Reporting**

As part of the process for the preparation of financial statements, specific controls are in place, utilising tools and methodologies in line with the best international practices. Some of the main areas of such controls, relevant to the preparation of the financial statements, are the following:

#### **Organisation – Segregation of Duties**

- The assignment of duties and authorities to senior Management of the Company, as well as middle and lower management levels, ensures the effectiveness of the Internal Control System and safeguards appropriate segregation of duties.
- Adequate staffing of financial services with individuals who possess the necessary technical skills and experience to carry out their duties.

### Accounting monitoring and preparation of financial statements

- Existence of common policies and monitoring procedures of accounting departments of the Group's subsidiaries which include, amongst others, definitions, accounting principles adopted by the Company and its subsidiaries, guidelines for the preparation of financial statements and consolidation.
- Automatic checks and validations between different transactional and reporting systems. In cases of non-recurring transactions, special approval is required.

### Safeguarding of assets

- Existence of internal controls regarding fixed assets, inventories, cash and cash equivalents and other assets of the company, such as physical security of cash or warehouses, inventory counts and reconciliations of physically counted quantities with the recorded ones.
- Schedule of monthly inventory counts to confirm inventory levels of physical and accounting warehouses. Use of a detailed manual to conduct inventory counts.

### Chart of Authorities

- Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

### D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC

Publication of the requisite information, in accordance with article 10 par. 1 of Directive 2004/25/EC of the European Parliament and Council, is included in part J of this Report, per article 4 par. 7 of L. 3556/2007.

### D.6 General Meeting of Shareholders and Shareholders' Rights

The operation of the General Meeting of Shareholders, its role and responsibilities, convocation, participation requirements, the ordinary and extraordinary quorum and majority of the participants, the Presiding Board and the Agenda, are described in the Company's Articles of Association, as such have been amended to be in line with the provisions of L. 4548/2018. According to articles 20 par. 2, indent (d), and 21 of the Company's Articles of Association, a Special General Meeting of the Company's minority shareholders (i.e. of the shareholders other than the HRADF and "Panneuropean Oil and Industrial Holdings S.A." or/and the latter's associated undertakings) is convened at the end of the term of the BoD, in order to elect two (2) representatives in the BoD. The members elected by the General Assembly constitute the only independent members of the Company's BoD.

All Shareholders are entitled to participate in the General Meeting, provided that they hold Company's shares on the record date, that is, at the start of the fifth (5<sup>th</sup>) day prior to the date of the General Meeting.

The shareholding capacity is evidenced through the Company's direct electronic connection with the records of depository (Hellenic Exchanges S.A.). This electronic certificate must be received by the Company three days ahead of the date set for the General Meeting, at the latest.

Participation in the General Meeting does not require share blocking or compliance with any other similar procedure, restricting the sale and transfer of shares during the period between the record date and that of the respective General Meeting.

Shareholders have the right to participate in the General Meeting, either in person or through one or more appointed proxy holders (shareholders, or not).

Each shareholder may appoint up to three (3) proxy holders. However, if a shareholder has shares of the Company held in more than one securities account, the above limitation shall not prevent the shareholder from appointing a separate proxy holder for each of the securities account, where shares are held.

A proxy holder, acting on behalf of several shareholders, may vote differently in respect of shares held by each shareholder represented.

Legal entities may participate in the General Meeting through their representatives.

Proxy holders are appointed or revoked by written notification to the Company, at least forty-eight hours prior to the date set for the General Meeting.

The proxy form is available to the shareholders in electronic form on the Company's website and allows them to authorize their representatives to vote in favor, against or to abstain from voting, separately in respect of each item on the agenda.

The Company ensures that all valid proxy appointments received for participation in the General Meeting are properly recorded and taken into account.

Prior to the commencement of the General Meeting, the shareholders' proxy holders are obliged to disclose to the Company any information or event, which could create conflict with the rights of the shareholders they represent.

### **Shareholders' rights prior to the General Meeting**

The Company is under an obligation to post on its website its annual Financial Statements, as well as the relevant reports of the Board of Directors and Auditors, ten (10) days prior to the Annual General Meeting.

### **Minority Rights**

1. On request by any Shareholder, submitted to the Company at least five (5) days prior to the General Meeting, the Board of Directors is under an obligation to provide the General Meeting with the specific information requested on the Company's affairs, to the extent such information is useful to the actual assessment of the items of the agenda. There is no obligation to provide information where such is already available on the Company's website, particularly in the form of questions and answers.

The Board of Directors may refuse to provide the above information on the basis of adequate cause, which is recorded in the minutes. Any dispute as to the validity or not of the reasoning for refusing to

provide information is resolved by the One-Member First Instance Court of Athens by a judgment thereof, issued according to the interim measures procedure.

2. On request by Shareholders representing 1/20 of the paid-in share capital, the Board of Directors is under an obligation to convene an extraordinary General Meeting, setting its date within a period of forty-five (45) days following the day of service of the relevant request to the Chairman of the Board of Directors. The relevant request must include the requested General Meeting's agenda. In case no General Meeting is convened by the Board of Directors within twenty (20) days from service of the relevant request, the latter can be filed before the One-Member First Instance Court of Athens, which shall determine the place and time for the General Meeting, as well as its agenda, by applying the interim measures procedure.

3. On request by Shareholders representing 1/20 of the paid-in share capital, the Board of Directors is under an obligation to include additional issues in the agenda of the General Meeting that has been already convoked, provided the relevant request has come to it at least fifteen days prior to the General Meeting. The additional items must be published or notified, at the Board of Director's responsibility, at least seven (7) days prior to the General Meeting. The revised agenda, together with the reasoning or draft decision that has been submitted to the shareholders, must be published in the same way as the original agenda and be available on the Company's website, at least thirteen (13) days prior to the date of the General Meeting.

4. On request by Shareholders representing 1/20 of the paid-in share capital, the Board of Directors is under an obligation to make available to the shareholders, by posting on the Company's website at least six (6) days prior to the date of the General Meeting, drafts of the decisions on issues included in the original or the revised agenda, if the relevant request has been received by the Board of Directors at least seven (7) days prior to the date of the General Meeting.

5. On request by Shareholders representing 1/20 of the paid-in share capital, the Board of Directors is obliged to adjourn, only once, decision-making by the General Meeting, whether ordinary or extraordinary, on all or some of the issues on the agenda and set as new date for the General Meeting that which is set out on the Shareholders' request; however, such date cannot be more than twenty (20) days after the date of the adjourned General Meeting.

6. On request by Shareholders representing 1/20 of the paid-in share capital, the Board of Directors is obliged to announce to the Annual General Meeting, the amounts paid to each member of the Board of Directors or to the Company's Managers over the last two years, as well as any benefit granted those persons, on account of any cause or Company contract with them. The Board of Directors may refuse to provide the above information on the basis of adequate cause, which is recorded in the Minutes.

7. On request by Shareholders representing 1/20 of the paid-in share capital, decisions on any item on the agenda of a General Meeting are taken by roll-call vote.

8. On request by Shareholders representing 1/20 of the paid-in share capital, the One-Member First Instance Court of Athens can order the Company's audit if acts violating provisions of laws, or of the Company's Articles of Association, or of decisions of the General Meeting of Shareholders, are thought

likely. In any case, the request for audit must be submitted within three (3) years after approval of the financial statements for the fiscal period within which the reported acts have taken place.

9. On request by Shareholders representing 1/20 of the paid-in share capital, which is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is under an obligation to provide to the General Meeting information on the course of the company affairs and the Company's assets' status. The Board of Directors may refuse to provide such information on the basis of adequate cause and with reasoning that is recorded in the Minutes. Any dispute as to the validity or not of the reasoning for refusing to provide information is resolved by the One-Member First Instance Court of Athens by a judgment thereof, issued according to the interim measures procedure.

10. On request by Shareholders representing 1/5 of the paid-in share capital, the One-Member First Instance Court of Athens can order the Company's audit if, from its overall course, it is deduced that the management of company affairs is not exercised as prescribed by due and prudent administration.

### **Right to Dividend**

The minimum dividend that is mandatorily distributed by the Company equals the minimum annual dividend provided by article 162 par. 2 of L. 4548/2018, which amounts, at minimum, to a 35% of the Company's net income, after the withholdings required for creating a statutory reserve.

Dividend is paid within two (2) months from the date of the Annual General Meeting of Shareholders that approves the Company's annual and consolidated financial statements.

The date and means of payment of the dividend are published on the Athens Stock Exchange and the Company's websites, as well as in the Press.

According to Greek law, dividends, which remain unclaimed for a period of five years after the date on, are transferred to the Greek State.

### **Shareholders' Information**

The Investor Relations Department is responsible for monitoring and managing the Company's relationship with its shareholders and financial community and for ensuring that investors and financial analysts, both in Greece and abroad, are informed in a timely, accurate and equal manner.

The Company, having shares listed in the stock exchange, is obliged to publish announcements in compliance with Regulation (EU) 596/2014 of the European Parliament and Council on Market Abuse (MAR), Greek Laws 4443/2016 and 3556/2007 and the decisions of the Hellenic Capital Market Commission. Publication of the above information is made in a way, which ensures that the investment community will have a fast and equal access to it.

All relevant publications/announcements are available, on both the Athens Stock Exchange and the Company's websites and are notified to the Hellenic Capital Market Commission.

## D.7 Composition & Operation of the Board of Directors, Supervisory Bodies and Company Committees

### Board of Directors (BoD)

#### General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 17.04.2023 and is extended until the end of the period provided for the convening of the following Ordinary General Meeting of the Company's Shareholders.

The current BoD members are the following:

- Ioannis Papathanasiou, Chairman, Non-executive member of the BoD (since 7.8.2019), Representative of the Greek State (since 7.8.2019)
- Andreas Shiamishis, CEO, Executive member of the BoD (CEO duties assumed since 7.8.2019), Representative of Paneuropean Oil and Industrial Holdings
- Georgios Alexopoulos, Executive member of the BoD, Representative of the Greek State
- Theodoros-Achilleas Vardas, Non-executive member of the BoD, Representative of Paneuropean Oil and Industrial Holdings
- Michael Kefalogiannis, Non-executive member of the BoD, Representative of the Greek State (since 7.8.2019)
- Alexandros Metaxas, Non-executive member of the BoD, Representative of the Greek State (since 7.8.2019)
- Ioannis Aivazis, Non-executive member of the BoD, Representative of the Greek State (since 7.8.2019)
- Loukas Papazoglou, Non-executive member of the BoD, Representative of the Greek State (since 7.8.2019)
- Alkiviades Psarras, Non-executive member of the BoD, Representative of the Greek State (since 7.8.2019)
- Constantinos Papagiannopoulos, Non-executive member of the BoD, Employees' representative
- Georgios Papakonstantinou, Non-executive member of the BoD, Employees' representative
- Theodoros Pantalakis, Independent, non-executive member of the BoD, minority shareholders' representative
- Spyridon Pantelias, Independent, non-executive member of the BoD, minority shareholders' representative

Furthermore, during 2019:

Mr. Efstathios Tsotsoros was Chairman and CEO until 7.8.2019,

and

Mssrs. Georgios Grigoriou, Dimitrios Kontofakas, Vasilios Kounelis, Loudovikos Kotsonopoulos and Christos Tsitsikas, were Members of the BoD as representatives of the Greek State (until 7.8.2019).

The size and composition of the BoD is described in detail in section D.2 of this report. The BoD convened twenty-one (21) times in 2019 and, with the exception of Messrs Th. Vardas's and G. Papakonstantinou's absence in one of its meetings, all members were present at the meetings, either in person or by proxy.

## Roles and Responsibilities of the BoD

The BoD is the supreme executive body of the Company and to a major extent formulates its strategy and supervises and controls the management of its assets. The composition and qualities of the members of the BoD are determined by Law and the Company's Articles of Association. Chief obligation and duty of the BoD members is to constantly pursue the strengthening of the Company's long-term economic value and to protect the general company interest.

In order to achieve the company objectives and smooth operation of the Company, the BoD may cede part of its authorities, except those requiring collective action, as well as the administration or management of the affairs or the Company's representation to the Executive Committee, the CEO, or to one or more BoD members (executive and non-executive), to Company managers or employees. BoD members and any third party to whom BoD authorities have been delegated by the BoD are prohibited from pursuing personal interests that conflict with those of the Company. BoD members and any third party to whom BoD authorities have been delegated, have to promptly disclose to the rest of the BoD members any personal interests which might arise as a result of Company transactions that fall within their duties, as well as any other conflict of personal interest with those of the Company or associated undertakings thereof, arising in exercising their duties.

- Indicatively, the BoD decides and approves, the following:
  - I. The Business Plan of the Company and the Group,
  - II. The Annual Business Plan and Budget of the Company and the Group,
  - III. Any necessary change to the above,
  - IV. The issuance of ordinary bond loans,
  - V. The Annual Report of transactions between the Company and its associated companies,
  - VI. The Annual and Interim Financial Reports, including the Financial Statements of the Company and the Group,
  - VII. The establishment of / participation in companies or joint ventures, company acquisitions, the establishment or termination of facilities – of over €1 million in each case,
  - VIII. Agreements for participating in consortia for the exploration and production of hydrocarbons,
  - IX. The final termination of manufacturing operations,
  - X. Regulations governing the Company's operation and any amendments thereto,
  - XI. The basic organizational structure of the Company and its amendments,
  - XII. The appointment / revocation of General Managers
  - XIII. The Company Collective Labour Agreement (CCLA),
  - XIV. The Internal Operating Regulation,
  - XV. The determination of the of the Company's managers' remuneration policy,
  - XVI. The Company's managers' hiring processes and the assessment of their performance,
  - XVII. Any other matter stipulated by the applicable Company regulations.



### Executive and non-executive members of the BoD

The BoD determines the responsibilities and status of its members, as executive or non-executive, each time it is constituted. The number of non-executive members of the BoD cannot be less than one-third of the total number of its members.

### Chairman of the BoD

The Chairman is responsible for convening, chairing and administering the meetings, for keeping the Minutes and signing the relevant decisions and for the overall operation of the BoD, as provided by the Company's Articles of Association and the law.

The Group's Internal Audit General Division reports to the Chairman.

The concise curricula vitae of the BoD members are set out in the Appendix to this report.

### Audit Committee

The Audit Committee is appointed by the General Meeting of Shareholders and is comprised of three (3) non-executive and, in their majority, independent members of the BoD. The members of the current Audit Committee were either elected by the AGM of the Company's shareholders of 6<sup>th</sup> June 2018, in respect of its Chairman, Mr. Spyridon Pantelias and its member, Theodoros Pantalakis, both independent non-executive BoD members, or appointed by the Board of Directors by its decision no. 1351 of 07.08.2019, due to the BoD's re-composition by the appointment of new members on behalf of the Greek State, specifically, of the member Mr. Iordanis Aivazis, non-executive member of the BoD, in replacement of Mr. Vasilios Kounelis, who had been elected by the Annual General Meeting of the Company's shareholders of 6<sup>th</sup> June 2018. The above appointment shall also amount to a proposal to the 2020 Annual General Meeting for the election of Mr. I. Aivazis as member of the Audit Committee.

The Audit Committee, as provided in article 44 of Law 4449/2017, has the following responsibilities:

1. Monitors the process and the performance of the statutory audit of the Company's individual and consolidated financial statements. In that framework, it informs the Board of Directors by submitting a relevant report on the issues arising from the conduct of the statutory audit, explaining in detail:
  - a) The contribution of the statutory audit to the quality and integrity of the Company's financial reporting, i.e. the accuracy, completeness and correctness of the financial information, including the relevant disclosures that are approved by the Board of Directors, and is published.
  - b) Its role in the above-mentioned under (a) procedure, i.e. the recording of the actions carried out by the Audit Committee in the process of conducting the statutory audit.
  
2. It monitors, reviews and evaluates the preparation of financial information, i.e. the mechanisms and production systems, as well as the flow and dissemination of the financial information produced by the Company's organizational units that are involved in the process. The Audit Committee informs the Board of Directors of its findings and submits proposals for any improvements in the procedure, if deemed appropriate.

3. The Audit Committee examines and evaluates the adequacy and effectiveness of all Company policies, processes and controls, in relation to the internal audit system, on one hand, and the risk assessment and management, in relation to the financial reporting, on the other hand. With regard to the internal audit function, the Audit Committee monitors and inspects the proper operation of the Group Internal Audit General Division and evaluates its work, adequacy and effectiveness, without however infringing its independence. It also reviews any disclosures regarding the internal audit and the Company's main risks and uncertainties with regard to financial reporting. In this context, the Audit Committee informs the Board of Directors of its findings and makes suggestions for improvement, if deemed appropriate.

4. It reviews and monitors the independence of the statutory auditors or audit firms in accordance with Law 4449/2017 (Articles 21, 22, 23, 26 and 27) and Article 6 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16<sup>th</sup> April 2014; in particular, the appropriateness of providing non-audit services to the audited entity, in accordance with Article 5 of the Regulation.

5. It is responsible for selecting auditors or audit firms and proposes the statutory auditors or audit firms to be appointed by decision of the General Meeting.

During 2019, the Audit Committee, in exercising its powers, held ten (10) meetings:

Jointly with the Finance and Financial Planning Committee of the BoD, it recommended to the BoD to approve the 2018 Annual Financial Report, the half year report and the interim announcements regarding the Company's financial performance.

It monitored the effectiveness of the Company's internal control and it approved the planning of internal controls for the year 2019.

Throughout the year, the Committee received all the internal audit reports and held regular meetings with the General Manager of Internal Audit, so that, in addition to the internal audit reports, operational and organizational matters could be discussed. Furthermore, throughout the year, the Committee received quarterly progress reports on the most significant findings, which were notified to the BoD, including the most significant findings and the ways of countering them.

The Audit Committee held two separate meetings with the external certified auditors of the Company, on 27 February and 19 December, as well as one joint with the Finance and Financial Planning Committee on 29 August. Following the evaluation of the experience and the expertise of the audit team of Ernst & Young (E&Y), the Audit Committee concluded that the audit procedure followed by the auditors was effective and found that the auditors were objective and impartial.

Given that, following the relevant procurement procedure, E&Y has undertaken the statutory audit of the financial statements of the Company for the year 2017 and given that the so far audit experience was satisfactory, the Audit Committee suggested the reappointment of Ernst&Young as audit company for the audit of fiscal year 2019 (2<sup>nd</sup> consecutive year).

Following the unanimous acceptance by the Board of Directors on the Audit Committee's recommendation, on 7<sup>th</sup> June 2018, the Annual General Meeting of Shareholders approved the reappointment of Ernst&Young for conducting the statutory audit of the fiscal year 2019.

#### Remuneration and Succession Planning Committee

In its present composition, the Company's Remuneration and Succession Planning Committee consists of three (3) non-executive BoD members, with its Chairman is being independent non-executive BoD member (Theodoros Pantalakis, Chairman, Theodoros Vardas, member, Iordanis Aivazis, member). Within 2019, it held seven (7) meetings.

The Remuneration and Succession Planning Committee has the following responsibilities:

- It proposes the principles, as well as the Company's remuneration and benefits policy for Managers that is followed each time. Any relevant decisions made by the CEO are based on these principles and policy.
- It proposes to the CEO the total remuneration (fixed and variable - including share options) regarding the executive members of the Board of Directors, as well as the Managers of the Company and the Group.
- It proposes to the BoD and, through it, to the General Meeting of Shareholders, the total compensation payable to the Chairman and the CEO.
- Caters for a suitable succession of General Managers and Company Managers to be in place at all times and submits relevant proposals to the Board of Directors.

#### Other Board of Directors Committees

In the above framework of strengthening corporate governance structures, the Board of Directors is also assisted by other Committees, which are appointed by its decision. Specifically, these current committees are:

The Oil Products Procurement Committee, which consists of five (5) members of the Board of Directors, of which one (1) is an executive member (Georgios Alexopoulos, Chairman, Theodoros Vardas, member, Michael Kefalogiannis, member, Loukas Papazoglou, member, Alkiviades Psarras, member).

The Oil Products Procurement Committee:

- Awards tenders and approves crude oil and product supply, after all members have reached a unanimous decision concerning the purchase, sale and transportation of crude oil and products (for transactions exceeding 100 million Euros).
- Approves the cooperation framework in cases where crude oil supplies are sourced directly from a state body of an oil producing country that unilaterally determines sales prices.
- Oversees the registration of customers/suppliers on the Company's Customer/Suppliers Registries.

Within 2019, the Petroleum Procurement Committee held sixteen (16) meetings.

The Finance and Financial Planning Committee, consists of four (4) non-executive members and two (2) independent members of the Board of Directors (Theodoros Pantalakis, Chairman, Spyridon Pantelias, member, Loukas Papazoglou, member, and Michael Kefalogiannis, member). Within 2019, the Finance and Financial Planning Committee held five (5) meetings. The Finance and Financial Planning Commission assists the Group Financial Services General Division on issues relating to:

- Financial planning
- Insurance coverage
- Group financial results,

operating in a complementary manner to the latter with the Audit Committee and examining in detail other matters that are important to the Group which affect its financial performance and course. Due to its subject matter, the Finance and Financial Planning Committee usually convenes jointly with the Audit Committee.

The Labour Issues Committee, consists of two (2) non-executive members of the Board of Directors (Alkiviades Psarras, Chairman and Alexandros Metaxas, member) and the President of the most representative union of employees, or his deputy. The Labour Issues Committee held no meetings in 2019. It was established in accordance with the Company's Internal Labor Regulation and is competent for deciding as an appeal Body on any appeal against disciplinary sanctions imposed by the Company's competent disciplinary Body.

#### Executive Committee

The Company has an Executive Committee, the responsibilities and function of which have been determined by a number of Board decisions; the most recent of them is decision no. 1337/2/29.11.2018. Its composition is determined by Management decisions.

#### Responsibilities:

The Group Executive Committee is both advisory and executive in nature, to the extent that it is given specific executive powers by the Board of Directors. It processes and shapes strategic issues regarding all Group's business sectors, as well as the Group's domestic and foreign subsidiaries.

Indicatively (and without limitation), the main responsibilities of the Group's Executive Committee include:

- Formulating the strategy and development plan for the Group's activities, in the form of mid-term and annual business plans,
- monitoring the course of business of all activities of the Group, through the financial results and KPIs,
- monitoring, information and coordination of matters affecting the Group's activities and require a well-coordinated approach by the entire Management team.

Composition:

The following composition of the Executive Committee has been determined by a Management decision, dated 9.9.2019.

1. Chairman: the CEO of of the Company, Mr. Andreas Shiamishis.
2. Vice Chairman: the General Manager of Group Strategic Planning and New Business Activities, Mr. Georgios Alexopoulos, who will be acting for the Chairman in any case of absence or impediment of his.
3. The General Manager for Supply & Trading, Mr. Konstantinos Panas.
4. The Refinery General Manager, Mr.Georgios Dimogiorgas.
5. The Group Internal Audit General Manager, Mr. Aggelos Kokotos.
6. The International Marketing Director, Mr.Konstantinos Karahalios.
7. The Group CFO, Mr. Christian Thomas.
8. The Group Human Resources & Administrative Services General Manager, Ms Stamatia Psyllaki.
9. The General Manager of Legal Services of the Group, Mr.Ioannis Apsouris.
10. The Group Senior Hygiene, Security, Environment and Sustainable Development Director, Ms Penelope Pagoni.

**BoD members' compensation for their participation in BoD and Committees' meetings during 2019**

On a relevant recommendation by the Remuneration and Succession Planning Committee, the Annual General Meeting of the Company's shareholders of 7<sup>th</sup> June 2019 decided:

- to maintain the compensation of the members of the Board of Directors unchanged, at the same standard to that applicable since 2015, i.e., at the amount € 36,000 for each member, at maximum;
- to set up an appropriate standard of compensation for the members of the Audit Committee who are also BoD members, which will match the duties, the hours occupied, as well as the responsibilities that have been assigned to the Audit Committee pursuant to L. 4447/2017, by formulating an annual compensation that is estimated at € 24,000 for each member and at € 36,000 for the Chairman of the Committee;
- to maintain the standard of compensation for the rest of the BoD Committees unchanged at € 500 per meeting and to provide for the payment of a monthly compensation of € 500 and for increased compensation only for the Committees' Chairmen (1.5 times the remuneration of a member), along the model of the Audit Committee.

**Remuneration of BoD executive members during 2019**

In 2019, the total gross amount paid to the executive members of the BoD who offered their services on the basis of mandate or employment contracts came up to €1,554,658, while €280,000 was paid as exit compensation.

No stock options were granted and no stock award plan is in force regarding the 2019 fiscal period.

## Remuneration Policy

On a relevant recommendation by the Remuneration and Succession Planning Committee of the Company, the Extraordinary General Meeting of the shareholders of 20<sup>th</sup> December 2019 approved the remuneration policy, in compliance with article 110 of L. 4548/2018 and taking into consideration the best corporate governance practices, as well as the size and activities of the Company.

The standard of remuneration of the members of the BoD for participating in it, as well as in its Committees, is decided by the General Meeting of the Company's shareholders and consists of a fixed annual fee, payable on a monthly basis, and a per meeting fee. The total compensation was kept at the level approved by the Company's last Annual General Meeting on 7 June 2019.

The remuneration of the Chairman of the BoD, aside from the above compensation paid like the rest of the BoD members, is approved by a decision of the General Meeting, in accordance with the provisions of article 109 par. 1.

The remuneration of the executive members of the BoD in an employment relationship with the Company are determined on the basis of the, pre-existing to their appointment in the BoD, employment contracts and their participation in the BoD does not alter their salary or additional benefits, neither does it change their employment contract in any way.

The remuneration level of the executive members of the BoD is decided by the BoD, following a recommendation by the Remuneration and Succession Planning Committee. Said remuneration consists in a fixed part, namely the salary, which is determined on the basis of the Company's remuneration policy, and in a variable part, which depends on the achievement of the company and individual goals and applies for all managerial staff of the Company.

The company goals are connected to the financial performance, as well as performance in other areas, such as safety at workplace, while individual goals are directly connected to the executive member's hierarchical level.

The executive members of the BoD participate in group healthcare programs, as well as in pension plans, like all Company employees, and are eligible for benefits such as use of company car, fuel card, etc., like all managerial staff of the Company, in accordance with the Company's applicable benefits policy.

Finally, as it has done in the past, the Company may set up and implement a mid- and long-term goals' and associated variable remuneration plan, aiming to equate the executives' long-term personal pursuits to the Company's and its shareholders' interests. Depending on their kind, such plans shall receive all necessary approvals.

The Remuneration Policy is valid for a period of four years, unless revised or amended earlier by a General Meeting resolution, due to a material change in the circumstances on the basis of which it was drawn up, and is available through the Company's website at: <https://www.helpe.gr/investor-relations/corporate-governance/politiki-apodochon-melon-ds/>.

## E. Strategic Goals and Prospects

The Group intends to play a key role in the energy transition in the East Med region, though maximising returns in its core business and developing a diversified energy portfolio, focusing on the following axis:

- Improve core business, through operational excellence, digitalisation and energy efficiency
- Grow core business, through materialising opportunities to leverage previous investments to maximise value and developing an international trading platform
- Develop new business, by establishing a significant presence in Renewable Energy Sources, further growing in Power & Gas and maximising E&P portfolio value

Safe and environmentally friendly refining operations and product specs, improving governance and continuous competitiveness improvement are the key pillars of our strategy.

### Refinery, Supply and Trading

In 2019, Refinery, Supply & Trading sustained its contribution to the Group's operating profitability at satisfactory levels, considering the deterioration in international refining environment, due to strong operational performance of all the refineries.

For 2020, the strategy of the Group aims at further strengthening the competitiveness of the refining sector, in particular through:

- Focus on Safety, with emphasis on training, standardization and improvement of procedures
- Optimising operational performance through realisation of synergies between the refineries of the Group and improving the performance of conversion units and the energy efficiency of our refineries
- Increasing export activity
- Exploitation of opportunities for operational optimization in the context of the Group's digital transformation program
- Examine investment opportunities in high return projects in the Group's complex refineries

### Domestic Marketing

The Domestic Marketing business plan for the next five years includes a framework of actions aimed at improving competitiveness, adapting to modern customer requirements and challenges to the economic environment. At the same time, energy efficiency and digital transformation are key objectives for all activities.

### International Marketing Activities

Growth in Southeast European markets remains a strategic objective. Priorities include the maintenance of leading position in both Cyprus and Montenegro, the improvement of OKTA profitability, as well as



the continuous expansion in the markets of Bulgaria and Serbia through targeted network growth and supply chain optimization.



## **F. Main Risks and Uncertainties for the Next Financial year**

The major financial risks for the next financial year are discussed below in relation to particular matters. The main sources of potential risks are the developments in the global economy and its impact in the developments in the European refining industry, including the price fluctuations in crude oil and final products as well as the exchange rate of Euro / dollar. It is not possible to predict all different scenarios and the ways of responding in each, however, the Group is closely monitoring developments, adapting its operation and planning accordingly. It is noted that the outbreak of coronavirus and the efforts to contain it are expected to affect the global economy and as a result on the demand of oil products and crude oil, as well as the supply of products, particularly from Pacific Asia. Those developments could have a negative impact on refining and petrochemical margins at least 1Q20, although it is difficult to quantify the effect and its duration.

### **F.1 Financial Risk Management**

#### **Financial Risk Factors**

The activities of the group are concentrated in oil refining with petrochemicals, marketing of petroleum products, exploration and production of hydrocarbons, as well as electricity production and trading. Therefore, the group is exposed to various financial risks such as fluctuations in the oil prices in international markets, exchange rate volatility, cash flow risks and risks of fair value fluctuations due to interest rates variations. In line with international best practices and in the context of the local market and legal framework, the overall risk management plan focuses on reducing the Group's potential exposure to market volatility and mitigating any negative impact on the Group's financial position, to the extent possible.

Product price risk management is conducted by the Commercial Risk Management Service, which is comprised of senior executives of the trading and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

The most important risks and uncertainties are discussed below.

#### **a) Market Risk**

##### **(i) Exchange Rate Risk**

Refining industry, is a US dollar dominated business, with local currency conversions, while operating costs are primarily expressed in local currency (euro). As a result, the Group's operations are mainly exposed to the risk of fluctuating the dollar exchange rate against the euro. The strengthening of the US Dollar against the Euro has a positive effect on the Group's financial results while in the opposite event, both the financial results and balance sheet figures (inventory, investments, receivables, liabilities in US dollar) would be valued at lower levels.

## **(ii) Product Price Fluctuation Risk**

The core activity of the Group, refining, supply & trading, creates two types of exposure: to changes in absolute prices of crude oil and oil products, which affect the inventory value; and changes in refining margins, which affect cash flows.

As far as the risk of absolute product price fluctuations is concerned, the level of the exposure refers to the decrease in product prices and is determined by the closing inventory valuation, as the Group's policy is to present the closing stock at the lower between acquisition cost and net realizable value.

Crude oil and products' price fluctuations affect the levels also of working capital as higher prices increase the financing needs.

Exposure to risk associated with changes in refining margins depends on the fluctuation of each refinery's margin. Refining margins are calculated using Platts prices of crude oil and oil products, which are determined on a daily basis and are affected by the development of supply and demand of crude oil and oil products both regional (Mediterranean market) and globally. The fluctuations of refining margins impact the Group's profit margins accordingly.

The Group aims to hedge part of its exposure associated with price changes of crude oil, products and refinery margins, depending on the prevailing market conditions.

## **(iii) Cash Flow Risk and Risk of Fair Value Change due to Change in Interest Rates**

The cash flow risk from changes in interest rates relates to the level of Group's borrowing with floating interest rates. Furthermore, due to the long-term investments in the sectors where the Group operates, significant increases in interest rates are likely to cause changes in fair values of such investments through the increase of the discount rate. The Group, during investment appraisal process uses a minimum return which is significantly higher than based on current interest rates. Furthermore, part of the loans for the funding of investments (Eurobonds) are in fixed interest rates.

## **(b) Credit Risk**

The credit risk management is co-ordinated centrally at Group level. Credit risk derives from cash and cash equivalents, bank deposits, derivative financial instruments, as well as exposure to credit risk of wholesale customers, including outstanding trade receivables from clients in Greece and internationally. Credit checks are performed for all customers by the Credit Control Department, in collaboration where necessary with external credit rating agencies.

For the effective management of the credit risk and the transaction behaviour of customers both in Greece and abroad, an integrated software has been developed for monitoring the exposure to credit risk while a central unit for managing trade receivables of settlement is also effectively in operation. Finally, the role of the Group's Credit Committee is of significant importance as it ensures the effective management of the credit risk of trade receivables of the Group's companies.

### **(c) Liquidity Risk**

Liquidity risk is managed by ensuring that efficient cash resources and adequate credit limits with banks are maintained. Due to the dynamic nature of its activities, the Group seeks to maintain flexibility in funding through credit lines and other credit facilities.

### **F.2 Management of Capital Risk**

The Group's objective in managing capital is to ensure the smooth operation of its activities and to maintain an optimum capital allocation, in order to reduce the cost of capital and increase its overall value.

In order for the Group to maintain or adjust its capital structure, it can alter the dividend paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debt.

In addition, the Group manages its debt obligations in order to differentiate the sources of financing (loans, credit lines, bonds, other), achieving the best possible allocation, taking into account a number of factors, including costs and maturity.

The Group is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, HELLENIC PETROLEUM FINANCE plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. Following the exit of the UK from the EU, in case this happens without an agreement, in the context of relevant negotiations, it may affect existing HPF Eurobonds, as well as the Group's funding from international debt capital markets. The Group is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding through the international debt capital markets.

In line with industry practice, the Group monitors its capital structure through the gearing ratio, which is calculated by dividing the net debt by total capital employed (as presented in G - Selected Alternative Performance Measures).

The long-term objective is to maintain the gearing ratio between 35% and 40%, as significant fluctuations of crude oil prices may affect total debt respectively. The relatively high gearing ratio in recent years (~45%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects, the Group during the last years has fallen gradually deleveraging with gearing reaching financial strategy target levels, reducing its balance sheet risk.

## G. Selected Alternative Performance Measures

This Report includes certain financial measures of historical financial performance, financial position, or cash flows, which are not defined or specified under IFRS (“**Alternative Performance Measures**”). The Group considers that these measures are relevant and reliable in assessing the Group’s financial performance and position, however such measures are not a substitute for financial measures under IFRS and should be read in conjunction with Group published financial statements.

### Presentation and Explanation of Use of Alternative Performance Measures

#### Reported EBITDA

Reported EBITDA is defined as earnings/(loss) before interest, taxes, depreciation and amortisation, and is calculated by adding back depreciation and amortization to operating profit.

#### Adjusted EBITDA

Adjusted EBITDA is defined as IFRS Reported EBITDA adjusted for: a) Inventory Effect (defined as the effect of the price fluctuation of crude oil and oil product inventories on gross margin and is calculated as the difference between cost of sales in current prices and cost of sales at cost) in the Refining, Supply & Trading segment and b) non-recurring items, which may include but are not limited to cost of early retirement schemes, write-downs of non-core assets and other one-off and non-operating expenses, in line with the refining industry practice. Adjusted EBITDA is intended to provide a proxy of the operating cash flow projection (before any Capex) in an environment with stable oil and products prices.

IFRS Reported EBITDA and Adjusted EBITDA are indicators of the Group’s underlying cash flow generation capability. The Group’s management uses the above alternative performance measures as a significant indicator in determining the Group’s earnings performance and operational cash flow generation both for planning purposes as well as past performance appraisal.

#### Adjusted Net Income

Adjusted Net Income is defined as the IFRS Reported Net Income as derived from the Group’s reported financial statements under IFRS, adjusted for post-tax inventory effect (calculated as Inventory Effect times (1- statutory tax rate in Greece) and other post-tax non-recurring items at the consolidated Group financial statements.

Adjusted Net Income is presented in this report because it is considered by the Group and the Group’s industry as one of the key measure of its financial performance.

#### Net Debt

Net Debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the statement of financial position of the Group financial statements and excluding debt from associates) less “Cash & cash equivalents and restricted cash” and “Investment in Equity Instruments”, as reflected

in the Group's financial statements. It is noted that finance lease obligations are not included in the calculation.

### Capital Employed

Capital Employed is calculated as "Total Equity" as shown in the statement of financial position of the relevant financial statements plus Net Debt.

### Reconciliation of Alternative Performance Measures to the Group's Financial Statements

The tables below illustrate how the selected alternative performance measures presented in this financial report are reconciled to their most directly reconcilable line item in the financial statements for the corresponding period.

Calculation of EBITDA, Adjusted EBITDA, Adjusted Profit after tax		
million €	2019	2018
Operating Profit §	340,9	514,2
Depreciation & Amortization §	232,8	197,2
<b>Reported EBITDA</b>	<b>573,8</b>	<b>711,4</b>
Inventory effect	-24,1	-47,9
Other One-off expenses*	22,2	66,5
<b>Adjusted EBITDA</b>	<b>571,8</b>	<b>730,0</b>
Profit After Tax §	163,6	214,7
Taxed Inventory effect	-18,3	-34,0
Taxed other one-off expenses**	16,8	47,2
No recurring items below EBITDA***	23,1	67,6
<b>Adjusted Profit After Tax</b>	<b>185,2</b>	<b>295,6</b>

Calculation of Net Debt, Capital Employed and Gearing ratio		
million €	2019	2018
Borrowings LT §	1.610,1	1.627,2
Borrowings ST §	1.022,3	1.108,8
Cash & Cash equivalents §	1.088,2	1.275,2
Investment in equity instruments §	1,4	0,6
<b>Net Debt (excl. IFRS16 lease liabilities)</b>	<b>1.542,8</b>	<b>1.460,2</b>
Equity §	2.326,6	2.394,7
<b>Capital Employed (excl. IFRS16 lease liabilities)</b>	<b>3.869,4</b>	<b>3.854,9</b>
<b>Gearing ratio (Net Debt / Capital Employed)</b>	<b>40%</b>	<b>38%</b>

\*Mainly included: a) for 2019 €4m. for valuation adjustments on balance sheet items, €7m. for impairment of non-operating assets and €11m. for extraordinary expenses; b) for 2018, €30m. for CO2 emissions allowance estimates, €19m. for valuation adjustments on balance sheet items, €15m. for impairment of non-operating assets, €8m. for extraordinary expenses and €5m. for other non-recurring items. \*\* includes all one-offs post effect of applicable tax rate

\*\*\* Mainly included: a) for 2019, accounting Impact of tender offer premium on €450m Eurobond in October 2019 (€25m), partially offset by the reduction of the deferred tax due to changes in tax rate (€1m), b) for 2018, accounting Impact of DESFA's sale (impairment of €45.8m and deferred tax of €48.5m), partially offset by the extraordinary profits from the sale of EPA Thessaloniki (DEPA Group) of €9.5m and the reduction of the deferred tax of €17.1m.

## H. Non-Financial Information

HELLENIC PETROLEUM Group has adopted its Sustainable Development Strategy in all of its activities and is committed through its respective Policies. The main points of this strategic decision are summarized in safe, accident-free and economically viable operations, with respect to both the environment and society. The Group promotes the awareness of stakeholders through the publication of the Annual Sustainable Development & Corporate Social Responsibility Report, which is created to present and inform its social partners about the Group's business performance from three different angles: economic, environmental and social.

### H.1 Health, Safety and Environment

The HELLENIC PETROLEUM Group has incorporated Sustainable Development into its strategic planning and, by adopting its respective Policy; it is committed to promoting Health, Safety and Sustainable Development, in order to ensure safe, accident-free and economically viable operations, while respecting the environment and the community as a whole, in line with the 17 UN Sustainable Development Goals (SDGs).

The HELLENIC PETROLEUM Group, due to the nature of its activities, faces a series of risks in its daily activities with regard to the use of dangerous and flammable substances and other technical challenges in oil products manufacturing and distribution facilities of considerable complexity and significant size. Failure to manage these risks could have considerable impact on the Group's operation and financial position, including administrative penalties and/or inability to carry out its activities.

The Group uses a series of procedures regarding risk control related to safety and environmental issues. Additional measures include monitoring and benchmarking, through its participation in international organizations and the European oil and chemical industry. At the same time, transfer and incorporation of best practices are promoted in order to improve the Group's performance in issues related to health, safety and environment.

In addition, HELLENIC PETROLEUM has certified its health, safety and environment management systems for all its activities in accordance with international standards and regularly evaluates the maintenance of the relevant procedures and health, safety and environment management performance in each facility, not only through internal audits carried out by trained and experienced staff, but also through audits carried out by independent accredited external certification bodies. At the same time, it monitors the progress of its health, safety, environment and energy indicators (KPIs), which are included in the Group's periodic reports, as well as the management's performance evaluation criteria.

## **Health and Safety**

For the HELLENIC PETROLEUM Group, Health and Safety is a significant priority in all its activities. For this reason, all required safety measures are taken for employees, contractors and visitors in all work areas, in alignment with the UN's international Sustainability Goal for Good Health (SDG 3).

The Group continuously invests in prevention, infrastructure as well as personnel and contractor training in the Health and Safety field to ensure compliance with the strictest criteria on a national and European level. Indicatively, 18 million euros was invested in safety improvements in all Group facilities across Greece and internationally.

All Group facilities set objectives to control and improve their performance on Health and Safety issues, with reporting and appraisal carried out periodically. Objectives on specific safety indicators are set and monitored based on CONCAWE's proposals.

In 2019, the Group's Holistic Safety program continued, on the basis of which, new safety procedures were issued, existing were improved and critical best practices developed for the three refineries and other Group's facilities.

### ***Health and Safety Indicators***

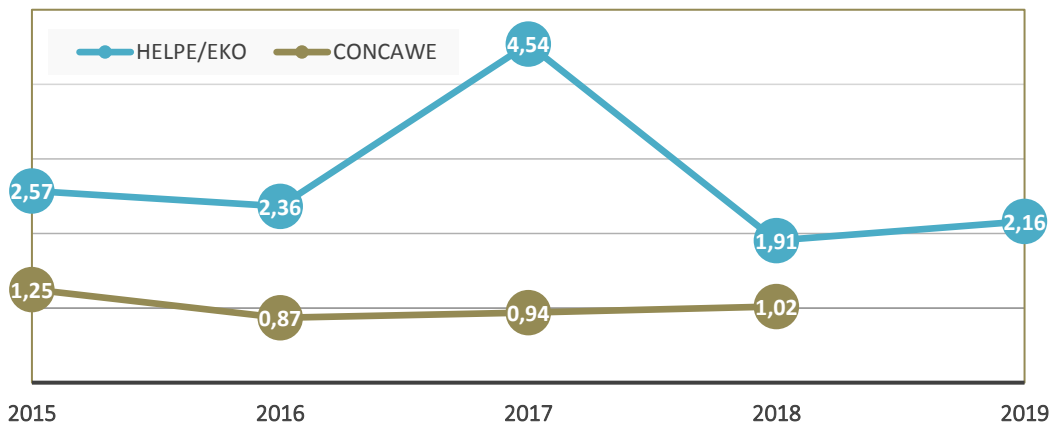
In 2019, according to the main European indicators for the sector, there was an improvement in the Group's H&S indicators by one (1) quarter (CONCAWE Safety statistics).

The Process Safety Event Rate (PSER) indicator, which is a basic process safety indicator, was reduced significantly in relation to 2018, exceeding the goal that had been set.

In 2019, out of a total of 10,180,194 man-hours, 22 Lost Workday incidents were reported, with approximately 30% of the total being in the slips/trips/falls category.

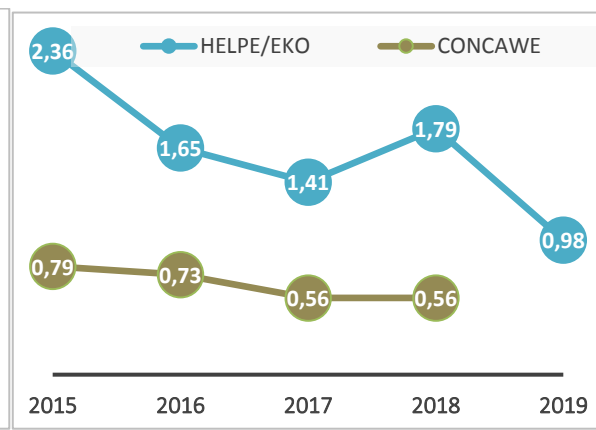
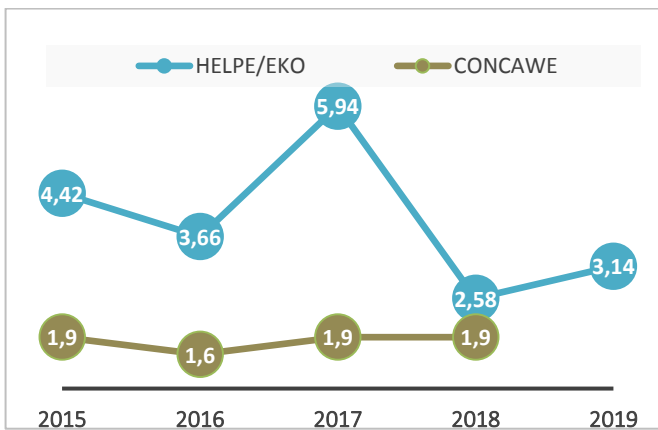
The diagrams below show the trends of the basic safety key performance lagging indicators (KPIs).

LWIF<sup>8</sup>



AIF<sup>9</sup>

PSER<sup>10</sup>



### Leading Health and Safety Indicators

In 2019, the targets set for carrying out safety visits (annual program) as well as for the reporting and investigation of near misses were achieved, which are basic leading indicators for H&S performance across all Group facilities.

In the context of consolidating a common Safety Culture at all Group facilities, basic H&S training continued (which included fire safety, first aid, rescue techniques, basic safety procedures, best practices, etc.).

<sup>8</sup> Lost workday injury frequency: (LWIs)/1 million man-hours

<sup>9</sup> All injury frequency: Total Fatality + LWI + Restricted Workday Injury + Medical Treatment Case/1 million man-hours

<sup>10</sup> Process Safety Event Rate: Number of process safety incidents/1 million man-hours



Training extends to external partners' contractors, visitors, tank truck drivers and service station operators in accredited training centers.

It is important to highlight that in 2019, training man-hours of own staff and contractors has increased by 10% in relation to the previous year (approximately 60,000 training man-hours).

### **Environment and Climate Change**

The HELLENIC PETROLEUM Group, as an energy products producer and at the same time a significant energy consumer, faces significant challenges in the energy sector with regards to climate change. Specifically, by implementing its sustainable development strategy, it seeks to achieve short and long term goals to improve energy efficiency and reduce greenhouse gas emissions in accordance with the relevant United Nation's Sustainable Development Goals for Clean Energy (SDG 7) and for the Climate (SDG 13).

The Group has published targets, including the reduction of the Group's carbon footprint by at least 500,000 tonnes CO<sub>2</sub> by 2025 through investments in Renewable Energy Sources (RES) and the reduction of the CO<sub>2</sub> / tn crude oil throughput index by 5% until 2020 with 2014 being the baseline reference year for comparison at the Group's refineries. More recently, it has set a goal of improving its total carbon footprint by 50% until 2030.

Note that in 2019, the total CO<sub>2</sub> emission avoidance from RES reached approximately 160,000 tonnes of CO<sub>2</sub>, which for Greece corresponds to over 100,000 cars taken out of circulation annually; while the CO<sub>2</sub> / tn crude oil throughput index is decreasing (about 20%) compared to the baseline year (2014) and already exceeds the 5% reduction target set for 2020.

The Group aims to reduce both greenhouse gas emissions and waste through specific actions, such as maximizing the use of fuel gases, using higher environmental fuel standards and applying advanced technologies in the production process.

The Group's three refineries in Greece participate in the EU Emissions Trading System (EU-ETS). For the period 2013-2020 (3<sup>rd</sup> phase of EU ETS), the compliance cost has increased significantly, despite energy saving projects, due to the reducing allowance allocation from year to year, as well as the significant increase in emissions prices in the last two years (over 200%). CO<sub>2</sub> emissions from the three refineries for 2019, which are subject to verification by a certified body, are estimated at 3,370,000 tonnes.

As part of the preparation to participate in the 4th phase of EU ETS, in 2019 the refineries submitted all the verified activity data for the previous years (2014-2018) to the competent national authority (Ministry of Energy and Environment). This data will be used to calculate the relevant emissions intensity ratio benchmark for the industry on a European level, on the basis of which free allowances for the 1<sup>st</sup> sub-period 2021-2025 will be allocated.

Following recent developments on a European level with the launch announcement of a new, more ambitious Green Deal, as well as the EU-ETS restructuring measures already in place for the period 2021-2030 (i.e. implementation of a Market Stability Reserve), an additional increase in the CO<sub>2</sub> emissions price (€/tn) is expected; that will affect future compliance costs both directly and indirectly, through electricity consumption.

Actions to improve the environmental footprint continued in 2019, in order to comply with the new emission levels, associated with Best Available Techniques; they have been incorporated in the new decisions of environmental permits for the Aspropyrgos (completed in 2019), Elefsina and Thessaloniki refineries (due early 2020) according to European Directive 2010/75 on industrial emissions, which include projects such as the installation of low NO<sub>x</sub> burners, particulate filters and volatile organic compound recovery units.

Concerning wastewater and solid waste management, in line with circular economy principles and the UN Goal for Sustainable Production and Consumption (SDG 12), the primary objective is to reduce their production at source, maximize recycling and reuse in the production process for as many waste streams as possible and then manage them in the best possible way with regard to the environment and human health. The target is to significantly reduce waste for final landfill disposal and stabilize it at a maximum of 15% by 2030.

The Group continues to meet all the Greek Sustainability Code criteria, which it has adopted since 2016, and is actively involved in the Sustainable Development Dialogue, with actions and investments in the context of 17 UNSDGs for 2030. In 2019 the Group participated for the second year in assessing the overall management of climate change issues by the international organization CDP (previous Carbon Disclosure Project) and was rated B-, above the world average for the Oil and Gas sector.

## **H.2 Labour and Social Issues**

The industry, in which the Group operates, requires specialized skills, training and experience. As a result, the ability to attract and retain the right human resources is an important factor in the Group's normal operation.

Any inability to find and employ competent personnel, especially highly skilled and in middle and senior management, can adversely affect the Group's operations and financial position.

The provision of a safe working environment, which in addition motivates employees and treats them with respect, giving equal opportunities to all, is a Group priority.

Relations with employees are based on the equal treatment principle. Both the integration and the progress of each employee within the Group are judged on the basis of an employee's qualifications, performance and ambitions, without any distinction.

The internal operation of the Group's business units is based on specific principles and rules, so that there is consistency and continuity, key building blocks that guarantee successful and developmental progress.

In this context, the Code of Conduct summarizes the principles governing the internal operation of the Group's Companies and determines how it operates, while the Internal Labour Regulation defines the rules governing the relationships between the Company and its staff.

As mentioned, the safety of the Group's facilities is one of the most important priorities. In occupational risk management, an emphasis is placed on prevention in order to anticipate and control all possible health and safety risks in accordance with the criteria of Greek law (Law 3850/2010), European and international codes and best practices.

In addition, safeguarding the health of our employees and ensuring for a safe working environment are core values, which are crystallized through the Health Surveillance Process. Periodic medical examinations of workers take place taking into account work descriptions, age group and gender.

Employee training is another important area in a way that each employee understands the Group's strategic goals. Employee training also enables employees to define their role more effectively and develops their skills.

The Group monitors all relevant labor law (national, European, ILO), including reports on child labor, respect for human rights and working conditions, and is in full compliance with all collective and relevant international conventions.

The Group has incorporated the Sustainable Development Goals into its strategy and conforms to the international standards on Sustainability Reporting, the CoP requirements of the UN Global Compact and the GRI Standards of Global Reporting Initiative, including the Oil and Gas Sector supplement. An independent body ensures the credibility of the information provided. At the same time, the Group conducts a materiality assessment in order to evaluate the most material topics of sustainable development associated with its activities. Both internal and external stakeholders participate in this assessment.

More specifically, our cooperation with stakeholders representing the broader society, as well as local communities, is constant and is implemented through continuous and substantial dialogue. Initiatives undertaken by the Group are closely linked to the needs of each area, individual social groups, the environment and local economy and are shaped in collaboration with the stakeholders. Those materials for the Group topics are identified through surveys, focus groups, public debates and consultations. The Group then evaluates the results of such practices and redefines actions, in order to fully take into account and meet the needs of all stakeholders.

The Group's contribution and responsible attitude towards the community as a whole, in collaboration with bodies, institutions, voluntary organizations and NGOs, are directed towards 6 lines of action: Vulnerable Social Groups, Health, Youth and Educational Community, Sustainable Cities and Environment, Culture, Sports.

### **H.3 Ethics and Transparency - Code of Conduct**

The Code of Conduct summarizes the principles governing the internal operation of the Group in Greece and abroad, which specify the way it operates to achieve its business goals. This serves the best interests of the stakeholders, minimizing additional risks regarding compliance and reputation of the Group. The

Code summarizes the principles, according to which each individual employee who participates in the production process of the companies of the Group and all collective bodies must act within the scope of their duties, constituting a guide for everyone, and third parties cooperating with ELPE.

The procedure of accepting and reaffirming the commitment by employees is made periodically by the General Directorate of Human Resources and Administrative Services of the Group and the Code is translated into all the languages of the countries where the Group operates, as well as in English.

Since the implementing of the Code of Conduct in 2011, systematic education and training of executives and employees of companies of the Group has taken place, in the content of the Code and its applications.

## **I. Related Party Transactions**

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business.

Transactions have been carried out with the following related parties:

- a) Associates and joint ventures of the Group which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
  - Public Gas Corporation of Greece S.A. (DEPA)
  - Elpedison B.V.
  - Spata Aviation Fuel Company S.A. (SAFCO)
  - HELPE Thraki S.A.
  - D.M.E.P. HOLDCO

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Sales of goods and services to related parties</b>		
Associates	397.674	597.853
Joint ventures	1.107	754
<b>Total</b>	<b>398.781</b>	<b>598.606</b>
<b>Purchases of goods and services from related parties</b>		
Associates	460.363	769.052
Joint ventures	38.357	18.813
<b>Total</b>	<b>498.720</b>	<b>787.865</b>
	<b>As at</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Balances due to related parties</b>		
Associates	9.176	11.912
Joint ventures	226	1.387
<b>Total</b>	<b>9.401</b>	<b>13.299</b>
<b>Balances due from related parties</b>		
Associates	18.738	36.041
Joint ventures	438	150
<b>Total</b>	<b>19.176</b>	<b>36.191</b>

HELLENIC PETROLEUM S.A. has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2019 was €105 million (31 December 2018: €83 million).

b) Government related entities which are under common control with the Group due to the shareholding and control rights of the Hellenic State and with which the Group has material transactions or balances:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Road Transport S.A.
- Lignitiki Megalopolis S.A.
- Lignitiki Melitis S.A

During the year ended 31 December 2019, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €328 million (31 December 2018: €353 million);
- Purchases of goods and services amounted to €68 million (31 December 2018: €51 million);
- Receivable balances of €60 million (31 December 2018: €44 million);
- Payable balances of €16 million (31 December 2018: €11 million).

- c) Key management includes directors (Executive and Non-Executive Members of the board of HELLENIC PETROLEUM S.A.) and General Managers. The compensation paid or payable to the aforementioned key management is as follows:

	<b>For the year ended</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Short-term employee benefits	4.839	4.522
Post-employment benefits	136	67
Termination benefits	1.676	1.661
<b>Total</b>	<b>6.651</b>	<b>6.250</b>

- d) The Group participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece:
- Edison International SpA (Greece, Patraikos Gulf).
  - Calfrac Well Services Ltd (Greece, Sea of Thrace concession)
  - Total E&P Greece B.V and Edison International SpA (Greece, Block 2).
  - Total E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block West Crete).
  - Total E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block South West Crete).
  - Repsol Exploracion (Greece, Block Ionian).

## J. Information about Financial Instruments

The nature of the Group's activities exposes the Group to significant risks, which stem mainly from the volatile and unpredictable international refining environment, as well as from the growing volatility of international financial markets.

In the context of risk management, as described in detail in the published financial statements, the Group enters into hedging transactions using financial derivatives wherever possible, aiming to protect its interests. These transactions are split into two main categories:

### Short-term Transactions

The first category involves short-term risk management and hedging transactions that affect short term profitability mainly for the next 6 to 12 months. The results of these transactions are evaluated on a quarterly basis and included in quarterly income or expenses.

### Long-term Transactions

The second category involves longer-term transactions that provide cover for strategic issues, such as investments.

### I.1. Significant Events after the end of the Reporting Period

On 20 February 2020 an EGM of HELLENIC PETROLEUM approved two Memoranda of Understanding with HRDAF regarding the joint sale of the 100% of Depa Infrastructure and HELLENIC PETROLEUM in the sale process of 65% of HRDAF in DEPA Commercial.

Furthermore, on 17 February HELLENIC PETROLEUM announced the acquisition of a 204MW PV project, at the final permitting stage, from German developer JUWI, which upon completion will be the largest RES plant in Greece. The total estimated investment, including construction cost is approximately €130m.

### I.2. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007)

The BoD submits to the Annual General Meeting of Shareholders an Explanatory Report on the information required by par.7 of art. 4 of Law 3556/2007, pursuant to the provisions of par.8 of art.4 of Law 3556/2007, as follows:

#### a) Limitations on transfer of Company Shares

Following the amendment of the Company's Articles of Association in 2013, which took place in line with the provisions of the Legislative Act dated 07/09/2012, ratified by L. 4092/08.11.2012 (Government Gazette A 220), the mandatory, minimum percentage participation of the Greek State in its capital (35%) was abolished; therefore there are no longer restrictions on the transfer of its shares.

#### b) Significant direct / indirect holdings in the sense of articles 9 to 11 of Law 3556/2007

Shareholders (individuals or legal entities) holding more than 2%, either directly or indirectly, of the total number of the Company's shares as of 31.12.2019 are listed in the table below:

SHAREHOLDING (31.12.2018)			
Shareholder	Number of Shares	Capital Held share (%)	Voting Rights
PanEuropean Oil & Industrial Holdings SA	138,971,359	45.47	138,971,359
Greek State (HRADF)	108,430,304	35.48	108,430,304
Private & Institutional investors	58,233,522	19.05	58,233,522
<b>TOTAL SHARES</b>	<b>305,635,185</b>	<b>100</b>	<b>305,635,185</b>

#### c) Securities (including shares) conferring special control rights and description thereof

There are no Company securities (including shares) granting their holders special control rights.

#### d) Limitations on Voting Rights

According to article 21 of the Company's Articles of Association, only minority shareholders (i.e. all shareholders, other than the HRADF, PanEuropean Oil and Industrial Holdings SA, as well as its associated

undertakings) are entitled to vote at the Special General Meeting to elect the two BoD members that represent minority shareholders.

**e) Agreements between shareholders known to the Company, entailing restrictions on the transfer of securities or on exercising voting rights**

There is an agreement between Paneuropean Oil and Industrial Holdings SA and the Greek State (HRADF), dated 30/05/2003, which provides for restrictions on the transfer of shares by the contracting parties to it. The Company is not a party to this shareholders agreement.

**f) Rules for the appointment and substitution of Directors and for the amendment of the Articles of Association**

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains, directly or indirectly through HRADF, at least 35% in the share capital. Following the amendment of the Company's Articles of Association in 2013, the mandatory, minimum percentage participation of the Greek State in the share capital of the Company (35%) was abolished and, now more, the entirety of the provisions of the Company's Articles of Association can be amended by resolution of the General Assembly, without any exception.

According to article 20, paragraph 2 (b) of the Company's Articles of Association, the shareholder "Paneuropean Oil and Industrial Holdings SA" and its associated undertakings, appoint two (2) members of the BoD, on condition that they hold at least 16.654% of the total voting shares in the Company.

According to article 20, paragraph 2 (c) of the Company's Articles of Association, it is obligatory for two (2) members of the BoD to be representatives of the Company's employees, elected by the employees through direct and universal voting and according to the system of simple proportional representation .

According to article 20, paragraph 2 (d) of the Company's Articles of Association, two (2) members of the BoD, representing minority shareholders, are elected by a Special General Meeting of the rest of the minority shareholders, according to article 21 of the Company's Articles of Association.

**g) Power of the BoD or of certain members thereof for issuing new shares or purchasing own shares**

The General Meeting of shareholders may concede (article 6, paragraph 2 of the Company's Articles of Association) to the BoD the power to increase the Company's Share Capital; however, no such decision has been taken by the General Meeting.

No stock options were granted and no stock award plan is in force regarding the 2019 fiscal period. As it has done in the past, the Company may set up and implement a mid and long-term goals' and associated variable remuneration plan, aiming to equate the executives' long-term personal pursuits to the Company's and its shareholders' interests. Depending on their kind, such plans shall receive all necessary approvals.

No decision has been taken by the General Meeting of shareholders about ceding to the BoD or to any other person the authority to purchase Company's own shares up to 10% of the paid-in capital, under the



terms and conditions such a (General Meeting) decision would define, in accordance with the special terms and proceedings of article 49 of Law 4548/2018.

**h) Significant agreements put in force, amended or terminated in the event of change of control following a public offer and results of these agreements**

No agreements exist that are put in force, amended or terminated in the event of change of control following a public offer.

**i) Agreements with members of the BoD or its employees providing for compensation especially in the event of resignation, or dismissal without founded reason, or termination of their term or employment, as a result of a public offer**

There are no o agreements of the Company with members of the BoD or its employees providing for compensation especially in the event of resignation, or dismissal without founded reason, or termination of their term or employment, as a result of a public offer.

Athens, 27 February 2020

On delegated authority by the Board of Directors

Ioannis Papathanassiou

Andreas Shiamishis

Georgios Alexopoulos

Chairman

Chief Executive Officer

General Manager of Group  
Strategic Planning & New  
Business Activities and Executive  
Member of the BoD

## Appendix

### Group Structure

Company	Relation	%	Activities
HELLENIC PETROLEUM SA	Parent Company		
Hellenic Fuels and Lubricants Industrial and Commercial SA	- HELLENIC PETROLEUM INTERNATIONAL AG	64.41	Oil products trade
	- HELLENIC PETROLEUM SA	35.59	
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering Services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
APOLLON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
ELPET BALKANIKI S.A.	Shareholder: HELLENIC PETROLEUM SA	100	Crude oil pipeline construction and operation
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI KOKKINOY	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI SERVION	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
ENERGIAKI PYLOU METHONIS	Shareholder: HELLENIC PETROLEUM RES SA	100	Production, distribution, trading of renewable energy sources
ATEN ENERGY S.A.	Shareholder: HELLENIC PETROLEUM RES SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO KALYPSO MEPE	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHINA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation

Company	Relation	%	Activities
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO AFRODITI MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
SUPERLUBE LTD	Shareholder: HELLENIC PETROLEUM Cyprus	100	Production and marketing of lubricants
RAMOIL SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
HELPE COMPANY HOLDING LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Holdings company in Cyprus
YUGEN LTD	Sole shareholder: HELPE COMPANY HOLDING LTD	100	Oil products trade, distribution and storage in Cyprus
BLUE CIRCLE ENGINEERING LTD	Sole shareholder: HELPE COMPANY HOLDING LTD	100	LPG distribution in Cyprus
GLOBAL ALBANIA SA	Sole shareholder: HELLENIC PETROLEUM SA	99,96	Oil products trade and distribution in Albania
JUGOPETROL AD	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM CONSULTING	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
OKTA CRUDE OIL REFINERY AD	Shareholder: EL.PE.T BALKAN SA	81.35	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)
HELPE E&P Holdings SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Holdings company for E&P activities
HELPE PATRAIKOS SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons

Company	Relation	%	Activities
HELPE UPSTREAM SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons
HELPE ARTA PREVEZA SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons
HELPE NW PELOPONISSOS SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons
HELPE WEST KERKYRA SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons
HELPE SEA OF THRACE SA	Sole shareholder: HELPE E&P Holdings SA	100	Exploration and Production of Hydrocarbons

#### ASSOCIATES & JOINT VENTURES (equity accounting)

Company	Relation	%	Activities
DEPA SA	Sole shareholder: HELLENIC PETROLEUM SA	35	Wholesale trading of NG in Greece
E.A.K.A.A S.A.	Sole shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata pipeline
HELPE THRAKI S.A	Sole shareholder: HELLENIC PETROLEUM SA	25	Burgas – Alexandroupolis pipeline
DMEP HOLDCO LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	48	Operation of fuel storage facilities
ELPEDISON BV	Sole shareholder: HELLENIC PETROLEUM SA	5	Power generation and electricity supply
	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	45	
SAFCO A.E.	Sole shareholder: Hellenic Fuels and Lubricants Industrial and Commercial SA	33,3	Airplane Fuelling

## BoD Members CVs

### **IOANNIS PAPATHANASIOU CHAIRMAN, NON -EXECUTIVE MEMBER**

He was born in Athens in 1954. He holds a degree in Electrical Engineering from the National Technical University of Athens.

Until 2002, he was Chairman and Managing Director of “J.D. Papathanassiou S.A.”, a company engaged in the trading of technological equipment for buildings.

His political career started in 2000 when he was first elected as a Member of the Greek Parliament, with the New Democracy party. He was re-elected in 2004, 2007, 2009 and in May 2012. He served in several posts:

- From March 2004 to September 2007, he was Deputy Minister of Development for Commerce and Consumers’ issues, while in 2005 he was also assigned the Research and Technology issues of the Ministry.
- From September 2007 to January 2009 he was Deputy Minister of Finance and Economy for Investments and Development.
- From January to October 2009 he was Minister of Finance and Economy.

He was Secretary General of the Athens Chamber of Commerce and Industry (ACCI) for six years (1987-1993) and President of the ACCI for seven years (1993-2000).

In 1993, he was appointed Vice Chairman of the BoD of Public Gas Corporation (DEPA) S.A., while in 1991-1992 he was advisor to the Minister of Industry on energy issues.

He chaired the BoD of HELLENIC PETROLEUM S.A. during the period 27/2/2014 – 4/5/2015.

He speaks English, French and German.

### **ANDREAS SHIAMISHIS CHIEF EXECUTIVE OFFICER, EXECUTIVE MEMBER**

Holds an Economics degree specialising in Econometrics from the University of Essex England and is a Fellow (FCA) member of the Institute of Chartered Accountants in England and Wales.

He began his career in 1989 in the Banking and Financial Services practice of KPMG in London. From 1993 to 1998 he worked initially as executive and subsequently as the Finance and Customer Services Director in METAXA, member of the Diageo International Group of food and beverages.

In 1998 he took over as the Regional Finance and Business Development Director, with the responsibility for the areas of the Middle East and North Africa, of Pillsbury (group Diageo). The period from 2000 to 2002 he worked as Chief Financial Officer in a listed company of LEVENTIS Group interests, while in 2003 he was hired as Chief Financial and IT Officer at Petrola Hellas.

After the merger of Petrola Hellas with HELLENIC PETROLEUM, in 2004 he took over as Chief Financial Officer of the Group and member of the Group’s Executive Committee. He was Deputy Chief Executive

Officer of the Group during the period 2014-2015 and 2017 to August 2019, when he became Chief Executive Officer of the Group. He is an active participant of various ICAEW committees in Greece and abroad, is a member of the Economic Chamber of Greece, the Corporate Governance Committee of the Hellenic American Chamber of Commerce and various Hellenic Federation of Enterprises committees.

## **GEORGIOS ALEXOPOULOS**

### **EXECUTIVE MEMBER**

As General Manager of Strategic Planning and New Business for the Group, he is responsible for the strategic planning and management of new business development in natural gas electricity renewable energy sources, exploration and production, strategic projects and participations (DEPA/Elpedison/ASPROFOS) and the Group's representation in international organizations. He has been a member of the Board of Directors of the European Petroleum Refiners Association as a regular or alternate member since 2012 and has worked for HELLENIC PETROLEUM Group since 2007.

He held the position of Director of Strategic Planning and Development in an international group of companies (SETE S.A.), based in Geneva, Switzerland, from 1998 to 2006, where he was responsible for overseeing the group's energy portfolio.

Previously, he worked for a number of technical and executive positions at Stone & Webster, Molten Metal Technology, Merck, Dow Corning, and Dow Chemical in the United States between 1993 and 1997.

He holds an MBA degree (1998) from Harvard Business School and M.Sc. (1993) and B.Sc. (1992) degrees in Chemical Engineering from the Massachusetts Institute of Technology (MIT).

## **THEODOROS-ACHILLEAS VARDAS**

### **NON-EXECUTIVE MEMBER**

Mr. Theodoros-Achilleas Vardas is a Member of the Board of Directors of HELLENIC PETROLEUM since 2003. He also serves as Vice Chairman of the BoD of EKO SA, the Group's marketing company.

He was born in Athens in 1950. He a Degree in Chemical Engineering from the Swiss Federal Institute of Technology in Zurich and a PhD from the Systems Engineering Department of the same institute.

He began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. At the same time, from 1988 to 2003, he was the Deputy CEO and Member of the BoD of Petrola Hellas SA.

Since October 2003, following the merger of Petrola Hellas SA and HELLENIC PETROLEUM SA until the end of 2016, he served as a Management Consultant of HELLENIC PETROLEUM SA.

He also served as Member of the BoDs of Papastratos SA (1999-2003), DEPA SA (2004-2016), ELPEDISON BV (2008-2016).

He is married and the father of two children.

## **MICHAEL KEFALOGIANNIS**

### **NON-EXECUTIVE MEMBER**

Holds an MBA in General Management from Baruch College in New York - USA and a Diploma in Economics from the University of Cologne – Germany.

He is the co-founder and Managing Partner of Canary Wharf Value Partners, an Athens based investment advisory firm established in 2015, focusing on debt restructuring of medium-sized Greek corporates and M&A transactions. Additionally, he serves as the Chairman of the board of Greek Tourism and Hotel Enterprises of Crete SA, (where he maintains a significant business interest).

He has also headed as Project Manager several important projects of the Greek Government. In the period 2012-2014, he led the establishment of the Greek Investment Fund (IFG), a joint successful initiative of the Greek Government together with the German Development Bank KfW, the European Investment Bank (EIB), the French Treasury and the Onassis Foundation. In the period 2007-2009, he coordinated and co-managed the successful privatization process of Olympic Airways (OA) on the side of the Greek Government in March 2009.

He has been Group Vice Chairman & Senior Investment Officer at DEMCO Group from early 2009 until mid-2013. He has co-led the successful acquisition of Village Cinemas and Village Films from Village Roadshow Australia, as well as the successful comeback of the Group in insurance through a series of acquisitions in the Cyprus insurance market.

He has also served as DEMCO Group's Managing Director & Executive Vice President in the period between early 2003 until the end of 2006. During the period 2000-2003, he served as General Manager International Operations of Interamerican Insurance Group.

He has also worked as a Principal for a regional private equity fund (the venture capital arm of Emporiki Bank of Greece) for another five years (late 1995 – early 2000) thus being an active investment manager for the last 24 years.

During his investment management tenure, he has served in numerous board positions ranging most notably from the board of Athens International Airport (AIA) to the boards of Millenium Bank Greece, Bulgarian Investment Bank (B.I.B - later Emporiki Bank Bulgaria), Interamerican Romania, Interamerican Bulgaria and Interlife Cyprus.

He was born in Crete, Greece in 1964. He is married with two children.

## **ALEXANDROS METAXAS**

### **NON-EXECUTIVE MEMBER**

Born in Athens in 1967. He studied law at the Law School of the National and Kapodistrian University of Athens, from which he graduated in 1990. During the years 1992-1993 he followed post-graduate studies and obtained a master degree from the University of Southampton in UK in the field of Corporate Law, European Community Law and Information Technology Law. His dissertation was on banking law and in

particular on the collapse of BCCI bank, incorporated under the laws of England, and the relevant international regulatory legal framework.

From 1993 he is attorney at law, member of the Athens Bar Association, and he is specialized in corporate law, banking law and mergers & acquisitions, as well as in dispute resolution, before the competent courts, related to the above fields.

From 2004 until today he is partner of the Law Firm “Sarantitis Law Firm” and from 2018 deputy managing partner of the said law firm, whilst from 1994 until 2004 he was associate of the law office “Sarantitis & Partners”.

## **IORDANIS AIVAZIS**

### **NON-EXECUTIVE MEMBER**

He graduated from the University of Athens with a Degree in Economics (Department of Politics and Economics). He completed his postgraduate studies at the University of Lancaster (England) and he obtained a Postgraduate Diploma in Economics and a Masters of Arts (M.A.) in Marketing and Finance.

He worked at senior positions with Greek and foreign banks in Athens, Greece, and he was Chief Financial Officer (CFO) and Chief Operating Officer (COO) with Hellenic Telecoms (OTE S.A.). Following the acquisition of OTE by Deutsche Telekom (DT), he joined OTE’s Board of Directors as an Executive member and DT’s European Management Board. Additionally, he was sitting, as a NED, on the Boards of Greek listed companies.

Currently, he is Chair of the BoD of SFS, a subsidiary of Bain Capital Credit, and a Member of the Board (NED) of Ellaktor S.A. He is also Chair of the Special Liquidations Committee of the Bank of Greece. He is an English and French speaker

## **ALKIVIADES -CONSTANTINOS PSARRAS**

### **NON-EXECUTIVE MEMBER**

Born in Athens in 1964. Attorney at law, graduated from the University of Athens, Law School (LL.B.) and the University of Kent at Canterbury, UK (LL.M on European Competition Law, Intellectual Property, International Business Transactions and Ph.D).

His fields of expertise include commercial law, competition law, electronic communications, and media, intellectual and industrial property law, information technology law with an emphasis on electronic payments, mergers, corporate law, and on corporate restructuring and financing.

During 2000 – 2004 he acted as the Head of the Legal Department of the Hellenic Telecommunications and Post Commission (EETT), and during 2005 - 2006 he served as a Board member in the Board of Directors of EETT. From 2004 up to 2007 he was a member of the Board of Directors of the Hellenic Copyright Organization (OPI), and from 2009 up to 2011 he acted as Vice-Chairman of the Board of Directors of the Hellenic Industrial Property Organisation (OVI). He has participated in various legislative committees (working on the drafting of legislation for societies anonymes, public procurement,



electronic public procurements, consumer protection, intellectual property, electronic communications and competition).

Since 2003 he teaches electronic communications law in the Interdepartmental Post-Graduate Program of the Departments of Computers and Economics of the Athens University, «Telecommunications' Economics and Management». He has various publications on issues of commercial law in academic journals and in foreign newsletters on competition law and corporate law.

## **LOUKAS PAPAZOGLU**

### **NON-EXECUTIVE MEMBER**

He holds a Bachelor Degree from Athens University of Economics and Business (ASOEE) and a Master's Degree from the University of Reading in International Banking and Finance.

He has extended experience including, among others, CEO in APIVITA S.A, Senior Project Manager for Aegean Motorway SA and Olympia Odos SA in HTC AG. He was also Chairman of the BoD of ATHENS INTERNATIONAL AIRPORT.

During the period 2004-2008 he served as Special Privatization Secretary, while for an 8 month period he was also responsible for the General Accounting Office of the Hellenic Republic.

Currently, he is a business consultant and works, among others, as Senior Advisor to the BoD of Kantor Management Consultants S.A. and a member (non – executive) of the BoD of Marfin Investment Group Holdings S.A.

## **THEODOROS PANTALAKIS**

### **INDEPENDENT NON-EXECUTIVE MEMBER**

Holds a degree in Business Administration from the Piraeus University.

From 1980 to 1991 he worked at the National Bank of Investments & Industrial Development (ETEBA). Additionally, from 1983 to 1985 he was associate of the Deputy Minister of National Economy, Kostis Vaitsou and from 1985 to 1988 was the Office Director of the Deputy Minister of National Economy, Theodoros Karantzas. From 1991 to 1996 he was Assistant General Manager in the Interamerican Group. From March 1996 to April 2004 he held the position of Deputy Governor of the National Bank of Greece, while at the same time he served as Chairman, Vice-Chairman or member of the BoD in several of the bank's subsidiaries. He was also Vice-Chairman of the Athens Stock Exchange, President of the Central Depository, and President of the Executive Committee of the Hellenic Bank Association et.al. On May 2004 he was appointed Vice-Chairman of the BoD of Piraeus Bank and from January 2009 to December 2009 he was the Vice-Chairman and Deputy-CEO of the Piraeus Bank Group.

He was also Chairman of the BoD of Piraeus AEEAP (now Trastor AEEAP) and the Chairman of Europaiki Pisti AEGA insurance company. He served as Chairman of the BoD of ATE Bank between 2009 and 2012.

From August 2012 to September 2016 he served as Chairman and CEO of Apollonios Kyklos SA, Vice Chairman of Enosis SA and Ltd, Associate of DEMKO SA, Member of the BoD of ELLAKTOR Group, Hellenic Petroleum, Retail World and MAD DOG SA.

Currently he is the CEO of Attica Bank, Vice Chairman of Enosis SA and Ltd, Member of BoD of ELLAKTOR Group (Attiki Odos, Anemos SA, REDS) and HELLENIC PETROLEUM.

## **SPYRIDON PANTELIAS**

### **INDEPENDENT NON-EXECUTIVE MEMBER**

Holds a PhD and Master's Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens.

He is a banker with significant experience in the financial services sector. He holds the position of supervisor Micro and Marco-Prudential Supervision and Director of Financial Stability at the Bank of Greece where he works since the beginning of 2012. He has served as Executive Vice Chairman of the BoD of Hellenic Post Bank (2009-2011), General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007, he held the position of Deputy General Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency. He currently acts as a Consultant to the Administration of the BoG.

## **CONSTANTINOS PAPAGIANNOPOULOS**

### **NON-EXECUTIVE MEMBER - EMPLOYEES' REPRESENTATIVE**

Graduate of the Technical School of Electronics in 1984.

Since 1981, he has worked initially in Petrola Hellas plc and after the merger with HELLENIC PETROLEUM he worked in the section of Electrical and Instrumentation to Elefsina Refinery. From 2004 he is a member of the Board of Directors of the Panhellenic Workers Association ELPE. In February of 2013 he has been elected as the representative of the workers in the BoD

## **GEORGIOS PAPAKONSTANTINOU**

### **NON-EXECUTIVE MEMBER-EMPLOYEES' REPRESENTATIVE**

Mechanical Engineer, graduate of the Technical University of Cluj-Napoca of Romania, holder of a Master's Degree in Machinery Construction Technology.

Since 1985, he has been employed by HELPE (EKO until 1997), at the industrial plants of Thessaloniki, as Maintenance Projects, New Projects and Major Projects Engineer, and he has participated in several

general maintenance works at the refinery of Thessaloniki as well as in the planning and implementation of upgrade projects and new units at the industrial plants of Thessaloniki. (Networks, Docking, Fire Safety Systems, Oily Sludge Treatment Unit, Tank Truck Loading Station, Isomerization Unit etc.).

He has been active in the HELPE Employees Trade Union, and has been a member of the Union's BoD, assuming various responsibilities from 1997 to this day. He is also an elected member of the GSEE management (Greek General Federation of Labour), as well as of the Labour Center of Thessaloniki.

### 3. Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

**Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the  
Annual Financial Report**

**(Pursuant to article 4 par. 2 of Law no. 3556/2007)**

Pursuant to provisions of article 4, par. 2(c) of Law 3556/2007, we state that, to our best knowledge:

- a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2019, as well as of the companies that are included in the consolidation taken as a whole.
- b. The Annual Report of the Board of Directors fairly represents the performance, results of operations and financial position of the parent company HELLENIC PETROLEUM S.A. and of the companies included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties they face.

Athens, 27 February 2020

By authority of the Board of Directors

Ioannis Papathanassiou

Andreas Shiamishis

Georgios Alexopoulos

Chairman

Chief Executive Officer

General Manager of Group  
Strategic Planning & New  
Business Activities and Executive  
Member of the BoD

#### 4. Independent Auditor's Report on the Annual Financial Statements and the Annual Financial Report

## **INDEPENDENT AUDITOR’S REPORT**

**To the Shareholders of Hellenic Petroleum S.A.**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the financial position of Hellenic Petroleum S.A. and its subsidiaries (“the Group”) as at 31 December 2019 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Key audit matter

## How our audit addressed the key audit matter

### Assessing impairment of non-current assets

At 31 December 2019, the Group has recognized property, plant and equipment of € 3,3 billion, Right-of-Use assets of €243 million and investments in associates and joint ventures of €385 million.

Under IFRS, an entity is required to regularly assess whether impairment indicators exist for its assets. The assessment of whether there is an indication that an asset may be impaired requires significant judgment.

In the context of assessing the existence of indications that may lead to an impairment of investments in associates and joint ventures, the Group considers, among other things, significant transactions such as the liquidation of assets, sales of subsidiaries and other changes affecting the business model of those entities.

A number of external factors including, but not limited to, the level of refining margins in the Mediterranean, the economic activity that affects the demand and the euro to dollar exchange rate, affect the operations and financial position of the Group and could have a significant impact on the recoverable amounts of the Group's non-current assets, including property, plant and equipment of the refining and retail segments, as well as investments in associates and joint ventures.

Given the nature of these non-current assets, forecasting future cash flows for purposes of determining the recoverable amount, is inadvertently dependent on, among others, the Group's assumptions on oil, gas and electricity price outlook for the next 4-5 years. Other key inputs used in assessing the recoverable amounts are the discount rates, future expected production volumes and capital and operating expenditures.

Given the materiality of balances of non-current assets (property, plant and equipment, right-of-use assets, investments in associates and joint ventures) in the consolidated statement of financial position, the level of subjectivity in respect of assumptions underlying the impairment analysis, and significant judgments and estimates made by management, we consider non-current assets' assessment for impairment a key audit matter.

The Group's disclosures regarding its accounting policy, judgments and estimates used in its assessment for impairment of its non-current assets are in notes 2.11, 4, 6, 7 and 9 of the consolidated financial statements.

Our work included, but was not limited to, the following procedures:

- We evaluated management's assessment of the potential impairment indicators, focusing on whether indicators exist, including by comparing actual performance to that budgeted, analyzing reasons for any deviations and considering whether these may affect future performance as well as assessing historical accuracy of management's budgets and forecasts.
- For the assets where impairment indicators were identified and hence an impairment test performed, we assessed with the assistance of our own internal specialists: (i) the assumptions and methodologies used by management to determine the recoverable amount of assets (or cash generating units) and (ii) the level at which the recoverable amount was determined (asset or cash generating unit).
- Where impairment tests were performed by the Group, we used external data, as applicable, in assessing the assumptions and estimates used by management, the most significant being the discount rate, and the terminal value. We compared the estimates to externally available financial data, as well as performed sensitivity analyses for possible changes to the most significant inputs.
- In cases where the Group used external specialists for the impairment assessment of assets, we assessed their professional experience and objectivity.
- We also assessed the adequacy of the Group's disclosures in the consolidated financial statements with respect to the above matters.



## Key audit matter

## How our audit addressed the key audit matter

### Recoverability of trade receivables

Included in the gross balance of trade receivables in note 12 of the consolidated financial statements as at 31 December 2019 is an amount of €343 million relating to the Group's marketing operations in Greece, against which provision for impairment amounting to €153 million is recorded.

Management assesses the recoverability of trade receivables, and estimates a loss allowance for expected credit losses, considering, among others, its experience with collection trends in the marketing segment, the current economic conditions and also the securities and collaterals obtained from specific customers.

The assessment for the impairment of trade receivables requires significant management judgment in assessing the trade debtors' ability to pay, the expected time of collection, the valuation of collaterals held, and the estimation for the future market conditions. Thus, we have considered the recoverability of trade receivables a key audit matter.

The Group's disclosures regarding trade receivables, the related risks such as credit risk and the aging of trade receivables are included in notes 3.1(b) and 12 of the consolidated financial statements, while note 4 discloses the Group's significant accounting judgments and estimates.

Our work included, but was not limited to, the following procedures:

- We obtained an understanding of the Group's process to monitor trade receivables, of the credit control processes and of the factors considered in estimating the provision for impairment. We evaluated whether the process is in line with the relevant accounting standards.
- We evaluated the Group's policy and key assumptions used for recording a provision for impairment of trade receivables, including the valuation of collaterals obtained from specific customers with the involvement of our experts in the valuation of real estate market.
- We reviewed minutes of the Group's credit review committee and obtained and assessed legal letters, where applicable, to corroborate management's assumptions on recoverability of trade receivables.
- We also assessed the adequacy of the Group's disclosures in the consolidated financial statements with respect to the above matters.

## Key audit matter

## How our audit addressed the key audit matter

### Uncertain tax positions

As disclosed in note 33 of the consolidated financial statements as of 31 December 2019, the Group has certain open disputes mainly relating to tax audits by the Greek tax authorities. In addition, the tax authorities reserve the right for future tax audits. The accounting for uncertain tax positions require significant judgment by management mainly in assessing whether it is probable that the taxation authorities will accept an uncertain tax treatment and how to reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses or unused tax credits.

Given the complex and changing tax environment, and the time taken for the judicial process to result in a final position in case of a dispute, high level of management judgment is involved in assessing uncertain tax positions, thus we considered the uncertain tax positions as a key audit matter.

The Group's disclosures about Uncertain Tax Positions are included in notes 29 and 33 of the consolidated financial statements, while notes 2.20 and note 4 refer to the Group's accounting policies and significant judgments and estimates.

Our work included, but was not limited to, the following procedures:

- Together with our tax specialists we updated our prior years' assessment of the Group's open tax audits and the relevant legal cases.
- We evaluated management's estimates for the uncertain tax and related legal positions considering legal advice (from external and internal lawyers) received by the Group, as considered necessary, and the implementation of IFRIC 23 Uncertainty over income tax treatments, from 1 January 2019.
- We also assessed the adequacy of the Group's disclosures in the consolidated financial statements with respect to the above matters.

## **Other information**

Management is responsible for the other information. The other information is included in the Board of Directors Report (for which reference is also made in section “Report on Other Legal and Regulatory Requirements”), in the Statements of the Members of the Board of Directors, and any other information either required by law or voluntarily adopted by the Group in the required by Law 3556/2007 Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (Law 44 v.4449/2017) is responsible for overseeing the Group’s financial reporting process.

## **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

## **Report on Other Legal and Regulatory Requirements**

### **1. Board of Directors' Report**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

- a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 152 of Law 4548/2018.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 153 -154 and paragraph 1 (c and d) of article 152 of Law 4548/2018 and the content of the Board of Directors' report is consistent with the accompanying consolidated financial statements for the year ended 31 December 2019.
- c) Based on the knowledge and understanding concerning Hellenic Petroleum S.A. and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

### **2. Additional Report to the Audit Committee**

Our opinion on the consolidated financial statements is consistent with our Additional Report to the Audit Committee of Hellenic Petroleum S.A., in accordance with Article 11 of the EU Regulation 537/2014.

### **3. Provision of Non-audit Services**

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Group during the year ended December 31, 2019, are disclosed in note 24 of the consolidated financial statements.

### **4. Appointment of the Auditor**

We were firstly appointed as auditors of the Group by the General Assembly on June 23, 2017. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 3 years.

Athens, 27 February 2020

Christiana Panayidou  
SOEL R.N. 62141

ERNST & YOUNG (HELLAS)  
Certified Auditors – Accountants S.A.  
8B Chimarras  
151 25 Maroussi, Greece  
Company SOEL R.N. 107

## **INDEPENDENT AUDITOR’S REPORT**

**To the Shareholders of Hellenic Petroleum S.A.**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Hellenic Petroleum S.A (the “Company”), which comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in Greek Law. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Key audit matter

## How our audit addressed the key audit matter

### Assessing Impairment of Non-current assets

At 31 December 2019, the Company has recognized property, plant and equipment of €2,7 billion and investments in subsidiaries, associates and joint ventures of €1 billion.

Under IFRS, an entity is required to regularly assess whether impairment indicators exist for its assets. The assessment of whether there is an indication that an asset may be impaired requires significant judgment.

In the context of assessing the existence of indications that may lead to an impairment of investments in subsidiaries, associates and joint ventures, the Company considers, among other things, significant transactions such as the liquidation of assets, sales of subsidiaries and other changes affecting the business model of those entities.

A number of external factors including, but not limited to, the level of refining margins in the Mediterranean and the euro to dollar exchange rate, affect the operations and financial position of the Company and could have a significant impact on the recoverable amounts of the Company's non-current assets, including property, plant and equipment of the refining segment, as well as investments in subsidiaries, associates and joint ventures.

Given the nature of these non-current assets, forecasting future cash flows for purposes of determining the recoverable amount, is inadvertently dependent on, among others, the Company's assumptions on oil, gas and electricity price outlook for the next 4-5 years. Other key inputs used in assessing the recoverable amounts are the discount rates, future expected production volumes and capital and operating expenditures.

Given the materiality of balances of non-current assets (property, plant and equipment, investments in subsidiaries, associates and joint ventures) in the statement of financial position, the level of subjectivity in respect of assumptions underlying the impairment analysis, and significant judgments and estimates made by management, we consider non-current assets' assessment for impairment a key audit matter.

The Company's disclosures regarding its accounting policy, judgments and estimates used in its assessment for impairment of its non-current assets are in notes 2.9, 4, 6 and 9 of the financial statements.

Our work included, but was not limited to, the following procedures:

- We evaluated management's assessment of the potential impairment indicators, focusing on whether indicators exist, including by comparing actual performance to that budgeted, analyzing reasons for any deviations and considering whether these may affect future performance as well as assessing historical accuracy of management's budgets and forecasts.
- For the assets where impairment indicators were identified and hence an impairment test performed, we assessed with the assistance of our own internal specialists: (i) the assumptions and methodologies used by management to determine the recoverable amount of assets (or cash generating units) and (ii) the level at which the recoverable amount was determined (asset or cash generating unit).
- Where impairment tests were performed, we used external data, as applicable, in assessing the assumptions and estimates used by management, the most significant being the discount rate, and the terminal value. We compared the estimates to externally available financial data, as well as performed sensitivity analyses for possible changes to the most significant inputs.
- In cases where the Company used external specialists for the impairment assessment of assets, we assessed their professional experience and objectivity.
- We also assessed the adequacy of the Company's disclosures in the financial statements with respect to the above matters.

## Key audit matter

## How our audit addressed the key audit matter

### Uncertain tax positions

As disclosed in note 33 of the financial statements as of 31 December 2019, the Company has certain open disputes mainly relating to tax audits by the Greek tax authorities. In addition, the tax authorities reserve the right for future tax audits. The accounting for these uncertain tax positions require significant judgment by management mainly in assessing whether it is probable that the taxation authorities will accept an uncertain tax treatment and how to reflect the effect of uncertainty in determining the related taxable profit, tax bases, unused tax losses or unused tax credits.

Given the complex and changing tax environment, and the time taken for the judicial process to result in a final position in case of a dispute, high level of management judgment is involved in assessing uncertain tax positions, thus we considered the uncertain tax positions as a key audit matter.

The Company's disclosures about Uncertain Tax Positions are included in notes 29 and 33 of the financial statements, while notes 2.18 and 4 refer to the Company's accounting policies and significant judgments and estimates.

Our work included, but was not limited to, the following procedures:

- Together with our tax specialists we updated our prior years' assessment of the Company's open tax audits and the relevant legal cases.
- We evaluated management's estimates for the uncertain tax and related legal positions considering legal advice (from external and internal lawyers) received by the Company, as considered necessary, and the implementation of IFRIC 23 Uncertainty over income tax treatments, from 1 January 2019.
- We also assessed the adequacy of the Company's disclosures in the financial statements with respect to the above matters.



## **Other information**

Management is responsible for the other information. The other information is included in the Board of Directors Report (for which reference is also made in section “Report on Other Legal and Regulatory Requirements”), in the Statements of the Members of the Board of Directors, and any other information either required by law or voluntarily adopted by the Company in the required by Law 3556/2007 Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (Law 44 v.4449/2017) is responsible for overseeing the Company’s financial reporting process.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

## **Report on Other Legal and Regulatory Requirements**

### **1. Board of Directors' Report**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein pursuant to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

- a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 152 of Law 4548/2018.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 151 and paragraph 1 (c and d) of article 152 of Law 4548/2018 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended December 31, 2019.
- c) Based on the knowledge and understanding concerning Hellenic Petroleum S.A. and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

### **2. Additional Report to the Audit Committee**

Our opinion on the financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the EU Regulation 537/2014.

### **3. Provision of Non-audit Services**

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company during the year ended December 31, 2019, are disclosed in note 24 of the financial statements.

### **4. Appointment of the Auditor**

We were firstly appointed as auditors of the Company by the General Assembly on June 23, 2017. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 3 years.

Athens, 27 February 2020

Christiana Panayidou  
SOEL R.N. 62141

ERNST & YOUNG (HELLAS)  
Certified Auditors – Accountants S.A.  
8B Chimarras  
151 25 Maroussi, Greece  
Company SOEL R.N. 107

5. Complementary information and data pursuant to decision no. 7/448/11.10.07 of the Capital Market Commission

## 5.1 Information required as per article 10 of L. 3401/2005

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the Company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities, in accordance with applicable law during the financial year 2019.

The full text of these announcements can be found on the Company's website at the following electronic address: [www.helpe.gr](http://www.helpe.gr).

### **A) FINANCIAL STATEMENTS**

28.02.19	HELPE S.A. & GROUP 2018 Annual Financial Statements
17.05.19	HELPE S.A. & GROUP 1Q 2019 Interim Financial Statements
29.08.19	HELPE S.A. & GROUP 1 <sup>st</sup> Half /2Q 2019 Interim Financial Statements
05.11.19	HELPE S.A. & GROUP 1 <sup>st</sup> Half /2Q 2019 Interim Financial Statements

### **B) PRESS RELEASES REGARDING THE FINANCIAL STATEMENTS**

28.02.19	Press release for the annual results of financial year 2018
17.05.19	Press release for the 1 <sup>st</sup> quarter results of financial year 2019
29.08.19	Press release for the 1 <sup>st</sup> half/ 2 <sup>nd</sup> quarter results of financial year 2019
05.11.19	Press release for the nine month/3 <sup>rd</sup> quarter results of financial year 2019

### **C) GENERAL SHAREHOLDERS' MEETINGS / GENERAL MEETING RESOLUTIONS /DIVIDENDS**

17.05.19	Invitation to the Annual Ordinary General Meeting on 7.06.2019
07.06.19	Announcement for the Dividend Payment 2018
10.06.19	Decisions of the Annual Ordinary General Meeting on 7.06.2019
05.11.19	Announcement for the Interim Dividend Payment 2019
29.11.19	Invitation to the Extraordinary General Meeting on 20.12.19
20.12.19	New announcement for the Interim Dividend Payment 2019
20.12.19	Decisions of the Extraordinary General Meeting of 20.12.2019

### **D) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES**

02.08.19	Announcement for the Board of Directors composition change
07.08.19	Announcement for the Board of Directors composition change
25.10.19	Announcement on organizational changes

### **E) ANNOUNCEMENT OF REGULATED INFORMATION, PURSUANT TO LAW 3556/2007**

25.01.19 – 13.09.19	Announcement of Regulated Information, pursuant to Law 3556/2007
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<https://www.helpe.gr/en/investor-relations/corporate-governance/regulated-information/tradeacknowledgements/>

E) VARIOUS

28.02.19	Financial Calendar 2019
03.04.19	Regulatory announcement – Update on HRADF tender process
13.05.19	Financial Calendar 2019 (Amendment)
20.06.19	Regulatory announcement – Update on HRADF tender process
26.07.19	Announcement – ELPEDISON BV acquisition of minority share completion
13.09.19	Announcement 13 Sep 2019 (in response to certain press reports referring to the disposal of HELPE shares by HRADF).
19.09.19	Announcement regarding Press comments
23.09.19	Announcement of HPF Tender Offer
23.09.19	Announcement of HPF New Issue
27.09.19	Announcement of HPF New Issue pricing
25.10.19	Financial Calendar 2019 (Amendment)
05.11.19	Financial Calendar 2019 (Amendment)
09.12.19	Announcement for the execution of a Memorandum of Understanding between HRADF & HELPE, for the joint sale of their participation in DEPA Infrastructure S.A.

## 5.2 Published Summary Financial Statements





### 5.3 Website

The annual financial statements of the HELLENIC PETROLEUM Group and the parent company on a consolidated and non-consolidated basis, the Independent Auditors' Report and the Annual Report of the Board of Directors are available on the internet at [www.helpe.gr](http://www.helpe.gr).

The financial statements of the consolidated companies under EKO S.A. are available online at [www.eko.gr](http://www.eko.gr).

On HELLENIC PETROLEUM's website <https://www.helpe.gr/investor-relations/quarterly-results/financial-statements/financial-statements-of-subsiary-companies/>, there is a list of subsidiaries that are fully consolidated in the Group's financial statements; these companies also have their own website through which their financial statements can be accessed. The financial statements of the other subsidiaries can be viewed at the above address.