Company Registration Number: 05610284

HELLENIC PETROLEUM FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

HELLENIC
PETROLEUM FINANCE

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Andreas Shiamishis Christian Thomas (from 06/12/2019) Christina Stampoultzi (from 16/04/2019) Vasilis Tsaitas (from 16/04/2019) Panos Shiatis (from 16/04/2019) Nita Ramesh Savjani Kenneth Howard Prince-Wright
Other directors during the year	Robertos Karahannas (until 16/04/2019)
Company Registration Number	05610284
Company Secretary	TMF Corporate Administration Services Limited
Registered Office	C/O Tmf Group 8th Floor, 20 Farringdon Street London, United Kingdom EC4A 4AB
Independent Auditors	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ

STRATEGIC REPORT

Hellenic Petroleum Finance PLC (the "Company" and "HPF") is a wholly owned subsidiary of Hellenic Petroleum S.A (the "Parent Company"), which is incorporated in Greece. The Parent Company has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, HPF was established in November 2005 in the UK to act as the central treasury vehicle of the Hellenic Petroleum Group (the "Group"). The principal activity of the Company is to raise finance in the international debt capital markets for the purposes of funding the activities of companies within the Group, in line with the Group's business strategy.

The ability of the Company to service its liabilities – principally interest and capital on the issued Loan Notes – is almost entirely dependent on the ability of the Parent Company and to a lesser extent by other Group Companies, to pay capital and interest on the inter-group loans provided by the Company. The appropriateness of the use of the Going Concern in the preparation of the Financial Statements of the Company is therefore highly dependent on the respective analysis performed for the Group and this is detailed later within the strategic report.

The loss for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The loss for the year was € 21,486,619 (2018: profit € 222,543) which is transferred to reserves.

Financing:

The Company's activities are closely monitored and controlled by the directors on a regular basis, in line with the strategic and investment plans of the Group. Hellenic Petroleum Finance PLC sources funds from international debt capital markets, through Eurobonds listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities.

The Parent Company raises its borrowing from a number of sources, including the Company and Greek and International banks. At 31 December 2019, the Company accounted for €0.7 billion of a total of €2.6 billion in total Group borrowings (see Note 17 of the Group's annual financial statements). It should be noted that as at 31 December 2019 the Parent Company has cash reserves of €0.9 billion (see Note 13 of the Parent Company's annual financial statements). Additional information on the overall Group's business and the financial statements of Parent and Group are also available through the Hellenic Petroleum S.A. website (www.helpe.gr).

Details of the Company's current borrowings are set out in Note 13, and summarised below:

- In October 2016 the Company issued a 5-year Eurobond denominated in Euro with a notional amount of €375 million.
- The proceeds of the above issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond, which matured in May 2017 through a tender offer process, which was completed in October 2016, at a cost of €7.9 million, during which notes of a nominal value of €225 million were accepted.
- In May 2017 the remaining outstanding balance of the €500 million Eurobond amounting to €264 million was repaid upon maturity.
- In July 2017, the Company issued an additional €74.53 million guaranteed notes due 14 October 2021, which were consolidated and form a single series with the €375 million guaranteed notes.
- In October 2019 the Company issued a Eurobond denominated in Euro with a notional amount of €500 million. 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. The premium cost and other expenses for the tender offer was €24.6 million, included in other expenses of the statement of comprehensive income.
- In July 2019 the remaining outstanding balance of the €325 million Eurobond issued in July 2014 was repaid upon maturity.
- The consolidated single series notes of €449.53 million consisting of the October 2016 notes of €375 million and the July 2017 notes of €74.53 million were partially prepaid in October 2019 with the proceeds of the new Eurobond issue of €500 million. The balance of the notes as at 31 December 2019 was €201 million.

Since incorporation and up to the date of signing the financial statements, the Company has raised a total of €4,047 million. As at 31 December 2019 the indebtedness balance outstanding amounted to €692 million. The Company's

STRATEGIC REPORT (Continued)

indebtedness is guaranteed by the Parent Company.

United Kingdom's exit from the European Union: It is uncertain, how the exit of the UK from the EU will affect existing HPF Eurobonds. Legal advice received indicates that HPF will be able to continue unimpeded to source funding through the issue of Eurobonds under the terms and conditions of Notes currently in circulation. 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.

Going Concern – The Group

The Group's consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 27 February 2020. The Group's operating results in 2019 reported a Net Income of €164 million (2018: €215 million). The reduction in Net Income is primarily due to a less favourable refining environment, despite an improved operational performance of the Group as a whole. The Group's interim condensed consolidated financial statements for the six month period ended 30 June 2020 were approved by the Board of Directors on 27 August 2020. The Group's operating results for six months ended 30 June 2020 reported a net loss of €336 million (2019: profit €121 million). The principal reasons for the reported loss together with the considerations made by the Directors of the Group in relation to the use of the Going Concern assumption in preparing the Group interim condensed consolidated financial statements are described below:

Covid-19 pandemic: On 11 March 2020, the World Health Organisation declared the Coronavirus Covid-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took increasingly stringent steps to help contain and delay the spread of the virus, which have slowed down the economies worldwide, causing considerable global disruption in business activities and everyday life.

Many countries, including Greece, adopted extraordinary and economically costly containment measures, including requiring companies to limit or even suspend normal business operations. Governments also implemented restrictions on travelling as well as strict quarantine measures. Industries such as tourism, hospitality and entertainment are expected to be mostly disrupted directly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected.

The strict containment measures have been gradually relaxed since early May and the economic activity is expected to start recovering, leading to a partial recovery of the domestic demand. Also, the European Commission's proposal for a recovery plan ("Next Generation EU"), is expected to support the economic activity in Greece. However, following a steady increase of the number of infections reported during August, the Greek Government announced additional measures and restrictions to contain the spread of the coronavirus. The measures mainly affect traveling from certain countries, operations hours of restaurants in several regional units, as well as the suspension of public gatherings.

The decline in crude oil prices, the significant fall in refining margins and demand, especially during the second quarter of 2020, have affected the financial results of the Group resulting in declined profitability and high inventory valuation losses. However, the above have not altered the Group's strategic orientation or targets and the current operations are largely unaffected.

The Group immediately responded to the outbreak of the pandemic and since the end of February took various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders, as well as the smooth operation of its activities and continuing to supply our markets.

These initiatives include:

- Adopting a timely and successful new remote working model (teleworking) where possible, remotely supporting information systems and modifying shift programs.
- Utilizing digital technology and upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid-19 cases.
- Continuously keeping employees up to date, along with ongoing health support (medical network, psychological support line).

STRATEGIC REPORT (Continued)

- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

The evolution of the pandemic, in Greece and globally, is expected to affect the financial results and financial position for at least 2020 and 2021. The impact on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management will continue to monitor the situation closely and will assess any potential further impact on the Group's financial position and performance, including the recoverable amount of its investments, in case the period of disruption becomes prolonged.

Greek Macros**:** Notwithstanding the above, during 2019, the fundamentals and prospects of the Greek economy improved. However, the Covid-19 pandemic crisis disrupted global financial stability and reversed the growth prospects of the Greek economy for 2020, which were positive during the first two months of the year.

GDP declined by 7.9% in the first half of 2020 compared to the corresponding period of 2019 mainly reflecting the containment measures from March 2020. The decline in GDP was driven by a drop in investment, travel and tourism markets and private consumption partly offset by increased government expenditure and exports.

Total domestic fuels consumption in the first half of 2020 decreased by 2% compared to the respective period of 2019, mainly affected by lower demand for gasoline and auto diesel, resulted from the coronavirus outbreak partly offset by the increased demand for heating gasoil, driven by low prices. Total demand for motor fuels decreased by 14.5%, with the declined sales more pronounced during mobility restrictions in Greece in April and May.
The outbreak of Covid-19 is expected to have a negative impact on the Greek economy affecting the public debt and unemployment rate as well as the non-performing loans and the low investments. The containment measures imposed by the Greek government due to the outbreak of Covid-19 also had a significant impact on demand and private consumption. 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.

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. During the period of 2020 up to the date of approval of Hellenic Petroleum's Finance annual financial statements, the Group entered into certain derivatives to hedge cash flows related to purchases and sales of crude oil and petroleum products.

Securing continuous crude oil supplies**:** The developments in the global and regional crude oil markets during the first half of 2020 (outbreak of Covid-19 and the containment measures imposed by the majority of the countries worldwide) resulted in a significant decrease in the cost of raw material for the Group. Average international crude oil reference prices in the first half of 2020 decreased by about 40% compared to average prices in 2019. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med refiners vs. their global peers. The Group was able to take advantage of this development and diversify its crude basket. In the context of the above the Group was able to capture opportunities in contango trades for crude and products by utilizing its available storage capacity. The oil sector is anticipated to gradually recover during the next months (mainly as a result of the gradual lift of the abovementioned measures, supported also by the reduction of crude oil surplus).

Financing of operations**:** Given financial market developments since 2011, the key priorities of the Group have been the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium-term financing plan, the Group has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. During the period of 2020 up to the date of approval of Hellenic Petroleum's Finance annual financial statements, the Group has successfully renewed all borrowings maturing within the period and additionally concluded a €100 million committed credit facility (Note 18 of Group's interim condensed consolidated financial statements), reaffirming its relationships with key financial institutions being the majority of the existing debt providers of the Group. As at the date of the balance sheet the Group has available funding headroom of €300 million within the limits of committed and uncommitted credit facilities, with approximately €200 million uncommitted under the bilateral financing arrangements. Additionally, the Group as at the date of the approval of these financial statements by the board of directors, has been granted with a new €100m committed two-year credit facility and is in process to refinance bank facilities maturing in the following 12 month period.

STRATEGIC REPORT (Continued)

Approximately 70% of total debt is financed by medium to long term committed credit lines while the remaining debt is being financed by short term credit facilities (bilateral lines). Further details of the relevant loans and refinancing are provided in Group's interim condensed consolidated financial statements Note 18, "Interest bearing loans and borrowings"

Conclusion on the use of the going concern assumption in the preparation of the Group's interim condensed consolidated financial statements: Management has considered the impact of the Covid-19 pandemic up to the date of authorization of Group's interim condensed consolidated financial statements and reassessed its plans for the period of 18 months from the reporting date considering the deterioration in the economic environment and the impact on the financial performance of the Group. The profitability in the plans that Management examined are most sensitive to factors described above. The Group management concludes that, although Covid-19 may continue to have a significant impact on the Group's operations in the 2nd Half of 2020, such impact will be absorbable and does not imperil the long-term viability of the Group.

Based on the analysis performed and the refinancing plan which they are in the process of executing, management is satisfied that it can meet all its obligations as they fall due in the period of at least 12 months from the date of authorization of Group's interim condensed consolidated financial statements, and that there are no material uncertainties that may cast doubt on the Group's ability to operate as a going concern.

Going Concern – The Company

At 31 December 2019, Hellenic Petroleum Finance PLC had net current assets of €3,625,027 (2018: net current liabilities of €19,946,246). The Company's receivables are predominantly intercompany loans, the recovery of which are used to enable the Company to satisfy its obligations under its borrowings consisting of Eurobonds. The next scheduled upcoming Eurobond repayment is the October 2021 bond, with an outstanding amount of €200,262,671 and due for repayment in October 2021. The Company is therefore reliant on the wider Hellenic Petroleum Group to repay its borrowings as they become due. In addition, the parent Company, Hellenic Petroleum S.A. has provided a guarantee for the repayment of the Eurobonds.

The Directors have obtained a letter of support from its parent company, Hellenic Petroleum S.A.. This letter states that Hellenic Petroleum S.A. will provide financial support to Hellenic Petroleum Finance PLC for a period of at least 12 months from the date of approval of these financial statements.

The Directors of Hellenic Petroleum Finance PLC have performed an assessment of the ability of Hellenic Petroleum S.A. to honour the parental letter of support that has been provided. They have obtained detailed projections of Group cash flow forecasts and assessed the underlying key assumptions including industry macros (e.g. prices, benchmark refining margins), operating levels (production and sales volumes), Group liquidity plan and other cash flow elements such as dividend payments which are discretionary. This assessment included sensitising the assumptions to reflect a number of scenarios considering the prevailing uncertain economic conditions in Europe as well as globally, particularly in the Energy sector including a prolonged period of economic recovery to levels of economic activity pre the COVID-19 Pandemic.

Through this analysis the Company directors have satisfied themselves the Company can continue in operational existence for at least 12 months from the date of this report. The directors consider that the going concern assumption is appropriate have prepared the financial statements on a going concern basis. This assumes that the company will have adequate resources to continue in operational existence through meeting its liabilities as they come due.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are credit, liquidity and interest rate risk. The management of those risks has been detailed in Note 3 of the financial statements. Additional information on the overall Group business is also available through the Hellenic Petroleum S.A. website (www.helpe.gr).

KEY PERFORMANCE INDICATORS

The key performance indicators of the business are considered to be the net interest income and the net interest margin, calculated as the percentage of net interest to the interest income. During 2019, the Company achieved net interest income of €3,799,454 (2018: €692,588) and net interest margin of 10.48% (2018: 1.59%). The increase in net interest income and net interest margin for 2019 are in line with management actions to recover incurred costs

STRATEGIC REPORT (Continued)

for the refinancing, such costs have been included within "other income expenses" (Note 13) and therefore have had no impact on net interest income. Management will adjust the interest rate it applies on its lending agreements in future periods when such costs are recovered. The aforementioned actions conform with the lending agreements the Company has in place with the borrowers and the provisions of the agreement with HMRC.

SECTION 172 REPORT
Section 172 of the Companies Act 2006, applicable from 1 January 2019, requires directors to explain how they have taken into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the Company's shareholders and other stakeholders, including the impact of its activities on the community, the environment, and the Company's reputation, when making decisions.

In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of both the immediate entity and the wider Group. The Company engages in raising finance in the international capital markets for the purposes of funding the activities of the Parent Company and other companies within the Group in line with the Group's business strategy.

The Company's strategy, objectives and ongoing operations provide limited scope for further activities beyond the original purpose the Company has been set up to achieve. Consequently the directors' role in the Company's strategies and operations becomes more centred on periodic and ongoing monitoring to ensure that the Company's objectives have not deviated from the original purpose. A key principle applied by our directors is to always consider whether the decisions they contemplate lead to positive long-term increase in the value of the Company for the benefit of the shareholder, being the Parent Company.

Following from this, the Company has no employees, and the limited operations of the business, result in negligible impact on the community and the environment, consequently are not applicable in the director's ongoing monitoring processes.

- **Directors' Training**

The Group's Legal Directorate and the Compliance Unit support the Group in operating sustainably and consistently with its values which includes leading with integrity and building enduring relationships. The Group's Legal and Compliance teams provide advice, guidance and support to management and works closely with them in assuring legal and regulatory compliance.
The Group's Code of Conduct, sets outs the expectations for the Company's directors, similar to all other directors of the companies within the Group, the Parent company leadership and employees in terms of responsibility and ethical behaviour.

New directors of the Company that are also employed by and/or participate in the board of directors of other companies within the Group, are provided soon after joining with a short induction in order to help them grasp the fundamentals of the Company and advise them on their rights and duties as directors. The Group makes available the necessary resources to develop and update the knowledge and qualification of the directors of the Company (with role in the Group) including training programs covering the 2006 Companies Act as well as Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft matters.

- **Board Composition**

The Company's Board, which comprises 7 directors, collectively have a broad range of skills, knowledge and industry experience including general management, finance and legal to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making and align the decisions to the corporate purpose of the Company in providing financing to other companies within the Group.

- **Stakeholder Engagement**

The principal activity of the Company is to act as a financing company for other entities in the Group, which includes the provision of financing to subsidiaries and fellow Group companies. The Company's key stakeholders are its shareholder, creditors and other Group companies which it provides support to. As part of the Group, the Board must consider how the decisions made on behalf of the Company affect both the shareholder and the other Group companies to ensure the success of the Company and value creation for the shareholder. The Group's treasury activities are coordinated through a central function that manage the financial risks and secure funding for

STRATEGIC REPORT (Continued)

the Group. On behalf of the Company, the Group frequently engages with its creditors, including financial institutions and capital markets as part of the Group's financial risk management processes and to ensure the Company's levels of borrowings are appropriate for its needs.

- **Principal Decisions**

The Company's Board collectively have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term.
In line with the Regulations and the sole purpose of the Company during the financial year under review, the following principal decisions were made in chronological order:

- The Board of the Company requested from its legal and tax advisors (or such other professionals with the required and relevant knowledge and experience) an assessment of the potential risks to the Company's operations for the foreseeable future that may arise from the United Kingdom's exit from the European Union. In September 2019, the directors of the Company authorised the issue of debt capital markets notes guaranteed by Hellenic Petroleum S.A. and simultaneously make an offer to purchase its outstanding €449,530,000, 4.875 per cent Guaranteed Notes due 2021. The actual Transaction and Tender offer are described in detail in the following sections of the annual financial statements of Hellenic Petroleum Finance PLC for the year ended 31 December 2019:
    - "Financing" in Strategic Report
    - Note 3 of the financial statements "Financial risk management"
    - Note 13 of the financial statements "Interest bearing loans and borrowings
- Amendment of loan agreements with Group's entities Hellenic Petroleum International A.G. and Hellenic Fuels and Lubricants Industrial and Commercial S.A., extending the maturity date to October 2024.
- Review and authorisation of the annual financial statements of Hellenic Petroleum Finance PLC for the year ended 31 December 2019

On behalf of the Board

Christian Thomas
Director
24 September 2020

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019. The comparative period is the year ended 31 December 2018.

GENERAL INFORMATION
The Company is a public limited company limited by shares, incorporated in England and Wales on 2 November 2005. It is domiciled in the UK and is a wholly owned subsidiary of Hellenic Petroleum S.A. (the "Parent Company"), a company incorporated in Greece. The Company secretary and registered office are shown on page 2.

FUTURE DEVELOPMENTS
The €375 million Eurobond matures on 14 October 2021 and the €500 million Eurobond matures on 4 October 2024.

GOING CONCERN
Regarding the going concern assessment and the use of going concern basis in the preparation of the Company's financial statements, there is an extensive reference in the Strategic Report.

DIVIDENDS
The directors have not recommended a dividend for the current year (2018: €nil).

POST BALANCE SHEET EVENTS
Please refer to Note 16.

DIRECTORS
The directors who served the Company during the year and up to the date of signing the financial statements were as follows:
- Andreas Shiamishis
- Christian Thomas (from 06/12/2019)
- Christina Stampoultzi (from 16/04/2019)
- Panos Shiatis (from 16/04/2019)
- Vasilis Tsaitas (from 16/04/2019)
- Kenneth Howard Prince-Wright
- Robertos Karahannas (until 16/04/2019)

Where certain directors were employed by and/or participated in the board of directors ("the Board") of other member companies of the Group, they received no emoluments from any other member of the Group, in their capacity as directors of the Company. For directors' emoluments from the Company refer to Notes 7 and 15.

CORPORATE GOVERNANCE
The directors have been charged with governance in accordance with the Articles of Association of the Company. The Company has in place policies and procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling the directors to comply with their regulatory obligations.

Due to the nature of the securities that have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1, audit committees and 7.2, corporate governance statements (save for DTR 7.2.5 a requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. Specifically in relation to internal controls the Company has set-up an appropriate system of internal controls, based on the limited risks associated with the operation of the company, focused on areas such as cash management/ payments, maintaining accurate accounting records and the preparation of financial statements. The system of internal controls provides for adequate segregation of duties and levels of authorities and review and forms part of the overall Group centralised controls framework. In terms of risk management systems, the company's operations are largely performed by the centralised treasury function and all transactions are captured and monitored through the systems in place by the respective Group function. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out

DIRECTORS' REPORT (continued)

the functions of an audit committee or to publish a corporate governance statement.

FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Company's strategy are subject to a number of risks which are formally reviewed by the Board and appropriate practices are put in place to monitor and mitigate them.

Please also refer to Note 3.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS's) as endorsed by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's as endorsed by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate Parent Company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, each director in office at the date of approval of the Directors' Report confirms:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that one ought to have taken as a director in order to make oneself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

On behalf of the Board

Christian Thomas
Director
24 September 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC

Opinion

We have audited the financial statements of Hellenic Petroleum Finance PLC (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which, the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	• Going concern and recoverability of loans receivable from group companies and accrued interest income
Materiality	• Overall materiality of €3.5m which represents 0.5% of total assets.

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Key audit matters (continued)

These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated
Going concern and recoverability of loans receivable from group companies (31 December 2019 - €689.6m, 31 December 2018 - €784.5m) and accrued interest income (31 December 2019 - €6.4m, 31 December 2018 - €14.2m) *Refer to Accounting policies in Note 2 (pages 23 to 27); and Note 3 of the Financial Statements (pages 27 to 31) and Note 9 of the Financial Statements (page 33).* The Company has Eurobonds totalling €692.2m (2018: €765.1m) which are listed on the Luxembourg Stock Exchange. The funds generated from the issue of the Eurobonds have been lent to the parent company and other companies within the Hellenic Petroleum group. *Refer to Note 15 of the Financial Statements (pages 36 to 37).* The Company's ability to service and redeem Eurobonds depends upon the parent and sister companies' ability to service and repay the intercompany loans & accrued interest income balances. Management has concluded that the intercompany balance is recoverable based on the underlying financial performance and position of Hellenic Petroleum Group. The ability of the company to	We obtained management's assessment of the recoverability of loans receivable from group companies and accrued interest income and agreed it to underlying documentation. We have obtained evidence to support the financial position and performance of the entities from whom the intercompany receivable is recoverable. We have considered this evidence independently of management, applying appropriate challenge, in order to conclude whether or not management's assessment that this balance is recoverable is reasonable. This process has included examination of evidence to support the fact pattern of past repayments, assessment of the latest financial position of each counterparty and calculation of any expected credit losses. The latest financial position relates to the actual results as of 30 June 2020 and the forecasts to 31 December 2021. We have obtained a copy of the letter of support issued to the Directors by the Directors of Hellenic S.A. to the Directors of the company. We have made enquiries of the EY audit team in Greece which audits Hellenic Petroleum Group to assess whether Hellenic Petroleum Group has sufficient resources to support the company if required to do so. The working papers from the EY audit team in Greece were incorporated within our audit file and formed part of the overall assessment performed. We have obtained Group management's detailed assessment supporting their ability to provide the support pledged that	We concur with Directors' assessment that it remains appropriate to prepare the financial statements on a going concern basis. We have concluded that the disclosures in respect of going concern and the recoverability of intercompany loan receivables in the financial statements are appropriate.

prepare its accounts on a going concern basis is dependent on the ability of the ultimate parent, Hellenic S.A.., to provide a letter of support for at least twelve months period from signing of the financial statements, and be able to honour the commitment provided. As such, going concern and the recoverability of the intercompany loans is considered to be a Key Audit Matter.	enables the preparation of the financial statements on a going concern basis. We have obtained the financial statements of Hellenic Petroleum Group (both the annual financial statements for the 12 months to 31 December 2019 and the half year results for the 6 months to 30 June 2020) and reviewed its latest market announcements and trading updates to establish an understanding of the outlook that is being considered (these accompanied the half year results to 30 June 2020 and were published in late August 2020). We have challenged Group managements' cash flow forecast assumptions and obtained audit evidence to support mitigating factors. This included, but was not limited to: • Inclusion of an Energy specialist on our audit team with knowledge of refinery margin modelling, likely future pricing and market trends; • Comparison of recent actual refinery performance levels to that forecast; • Seeking additional evidence from management to support a number of refinancing options, such as direct written correspondence from the Group lenders confirming renewal of facilities or approved new lending; and • Critical challenge of the appropriateness and completeness of the sensitivities / stress applied by management. • Calculation of the cash impact of a number of downside scenarios that was then overlaid on management's stressed scenario to understand the headroom position. We have audited the disclosures in respect of the intercompany receivables and going concern in the financial statements. This involved comparison of the specific knowledge obtained through our detailed work and knowledge of the wider energy sector.	

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There have been no changes in scope from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be €4m (2018: €4.1m), which is 0.5% (2018: 0.5%) of total assets. We believe that total assets provide us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity.

During the course of our audit, and at completion, we reconfirmed that the initial calculation of materiality was appropriate.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely €2.6m (2018: €3.0m).

We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of €175,000 (2018: €200,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRSs as adopted by the European Union and Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates.
- We understood how Hellenic Petroleum Finance PLC is complying with those frameworks by making inquiries of management, group internal audit, those responsible for legal and compliance procedures and the group general counsel. We corroborated our inquiries through our review of minutes of Board of Directors meetings, the review of reports issued by the group internal audit and the review of various correspondence examined in the context of our audit and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence management to manage earnings and revenue by overriding internal controls. We performed specific procedures to respond to the fraud risk of inappropriate revenue recognition. Our procedures also included a risk – based sample of journal entries that may have been posted with the intention of overriding internal controls to manipulate earnings. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entries testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; inquiries of group legal counsel, group internal audit and senior management of the company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Other matters we are required to address

- We were appointed as auditors of the company by the General Assembly on June 06, 2017 to audit the financial statements for the year ending 31 December 2017, re-appointed on June 26, 2018 to audit the financial statements for the year ended 31 December 2018 and re-appointed on March 29, 2019 to audit the financial statements for the year ended 31 December 2019.

  The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 December 2017 to 31 December 2019.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

- The audit opinion is consistent with the additional report to the those charged with governance.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 28 September 2020

Notes:

1. The maintenance and integrity of the Hellenic Petroleum S.A. web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2019	**2018**
	Note	**€**	**€**
Interest income	**15**	36,256,514	43,666,968
Interest expense	**6**	(32,457,060)	(42,974,380)
Net interest income		**3,799,454**	**692,588**
Administrative expenses	**7**	(459,739)	(431,765)
Other income / (expenses)	**13**	(24,752,172)	-
Net foreign exchange gains / (losses)		711	18,259
Profit / (Loss) before income tax		**(21,411,746)**	**279,082**
Income tax expense	**8**	(74,873)	(56,539)
Profit / (Loss) for the year		**(21,486,619)**	**222,543**
Total comprehensive income for the year		**(21,486,619)**	**222,543**

The notes on pages 22 to 39 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2019	**2018**
	Note	**€**	**€**
ASSETS			
Non-current assets			
Loans and receivables	**3,9**	689,620,000	449,342,972
Current assets			
Loans and receivables	**3,9**	-	335,200,000
Accrued income and prepayments	**10**	8,450,545	14,174,785
Cash and cash equivalents	**11**	99,687	2,087,056
		8,550,232	351,461,841
TOTAL ASSETS		**698,170,232**	**800,804,813**
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	**12**	10,000,000	10,000,000
Retained earnings		(8,912,020)	12,574,599
Total equity		**1,087,980**	**22,574,599**
LIABILITIES			
Non current liabilities			
Interest bearing loans and borrowings	**13**	692,157,047	446,714,619
Current liabilities			
Interest bearing loans and borrowings	**13**	**-**	318,385,980
Income tax payable		52,188	32,359
Interest payable and other liabilities	**14**	4,873,017	13,097,256
		4,925,205	331,515,595
Total liabilities		**697,082,252**	**778,230,214**
Total equity and liabilities		**698,170,232**	**800,804,813**

These financial statements on pages 18 to 39 were approved by the Board of directors on 24 September 2020 and signed on its behalf by:

Christian Thomas
Director

The notes on pages 22 to 39 form an integral part of these financial statements.
Company Registration Number: 05610284

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Ordinary Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance at 1 January 2018	10,000,000	12,352,056	22,352,056
Total comprehensive income for the year	-	222,543	222,543
Balance at 31 December 2018 and 1 January 2019	10,000,000	12,574,599	22,574,599
Total comprehensive income / (expense) for the year	-	(21,486,619)	(21,486,619)
Balance at 31 December 2019	**10,000,000**	**(8,912,020)**	**1,087,980**

The notes on pages 22 to 39 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2019 €	2018 €
Cash flows from operating activities			
Profit / (loss) before income tax		(21,411,746)	279,082
Adjustments for:			
Amortisation of deferred borrowing costs	**6**	2,110,842	3,215,474
Finance income - net		(5,910,296)	(3,908,062)
Premium, bond tender offer fees and write-off of unamortised expenses		24,752,235	-
Net changes in assets/liabilities relating to operating activities			
Decrease/ (increase)in prepayments	**10**	5,027	(8,623)
Increase (decrease) in other payables	**14**	160,267	(120,272)
Cash flows from operating activities		**(293,671)**	**(542,401)**
Income tax paid		(53,746)	(104,056)
Net cash used in operating activities		**(347,417)**	**(646,457)**
Cash flows from investing activities			
Loans granted to related parties	**15**	(243,352,189)	(11,820,000)
Loan repayments received from related parties	**15**	338,275,160	31,300,000
Interest received	**10,15**	41,975,727	44,109,016
Net cash generated from investing activities		**136,898,698**	**63,589,016**
Cash flows from financing activities			
Proceeds from borrowings	**13**	497,050,000	-
Repayment of borrowings	**13**	(568,204,000)	(30,000,000)
Interest paid		(38,371,228)	(39,366,951)
Loan fees paid	**13**	(5,548,933)	-
Premium and other fees paid for bond tender offer		(23,464,489)	-
Net cash used in financing activities		**(138,538,650)**	**(69,366,951)**
Net increase / (decrease) in cash and cash equivalents		**(1,987,369)**	**(6,424,392)**
Cash and cash equivalents at the beginning of the year	**11**	2,087,056	8,511,448
Cash and cash equivalents at the end of the year	**11**	**99,687**	**2,087,056**

The notes on pages 22 to 39 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hellenic Petroleum Finance PLC was incorporated as a public limited company in England and Wales on 2 November 2005 and is a wholly owned subsidiary of Hellenic Petroleum S.A., a company incorporated in Greece. The Company engages in raising finance in the international capital markets for the purposes of funding the activities of the Parent Company and other companies within the Group in line with the Group's business strategy.

2. ACCOUNTING POLICIES

Basis of preparation

Having consulted with the Parent Company's directors and taking into account all the relevant information available to them including the investment plans, business strategy and financial position of the Group, and as described in detail below **("Going Concern")**, the directors consider the financial position of the Company to be satisfactory, and expect the business to continue at least for 12 months from the date of approval of these financial statements and for the foreseeable future.

Going Concern

i) Going Concern – The Group

The Group's consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 27 February 2020. The Group's operating results in 2019 reported a Net Income of €164 million (2018: €215 million). The reduction in Net Income is primarily due to a less favourable refining environment, despite an improved operational performance of the Group as a whole. The Group's interim condensed consolidated financial statements for the six month period ended 30 June 2020 were approved by the Board of Directors on 27 August 2020. The Group's operating results for six months ended 30 June 2020 reported a net loss of €336 million (2019: profit €121 million). The principal reasons for the reported loss together with the considerations made by the Directors of the Group in relation to the use of the Going Concern assumption in preparing the Group interim condensed consolidated financial statements are described below:

Covid-19 pandemic: On 11 March 2020, the World Health Organisation declared the Coronavirus Covid-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took increasingly stringent steps to help contain and delay the spread of the virus, which have slowed down the economies worldwide, causing considerable global disruption in business activities and everyday life.

Many countries, including Greece, adopted extraordinary and economically costly containment measures, including requiring companies to limit or even suspend normal business operations. Governments also implemented restrictions on travelling as well as strict quarantine measures. Industries such as tourism, hospitality and entertainment are expected to be mostly disrupted directly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected.

The strict containment measures have been gradually relaxed since early May and the economic activity is expected to start recovering, leading to a partial recovery of the domestic demand. Also, the European Commission's proposal for a recovery plan ("Next Generation EU"), is expected to support the economic activity in Greece. However, following a steady increase of the number of infections reported during August, the Greek Government announced additional measures and restrictions to contain the spread of the coronavirus. The measures mainly affect traveling from certain countries, operations hours of restaurants in several regional units, as well as the suspension of public gatherings.

The decline in crude oil prices, the significant fall in refining margins and demand, especially during the second quarter of 2020, have affected the financial results of the Group resulting in declined profitability and high inventory valuation losses. However, the above have not altered the Group's strategic orientation or targets and the current operations are largely unaffected.

The Group immediately responded to the outbreak of the pandemic and since the end of February took various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders, as well as the smooth operation of its activities and continuing to supply our markets.

These initiatives include:
- Adopting a timely and successful new remote working model (teleworking) where possible, remotely supporting information systems and modifying shift programs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

- Utilizing digital technology and upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid-19 cases.
- Continuously keeping employees up to date, along with ongoing health support (medical network, psychological support line).
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

The evolution of the pandemic, in Greece and globally, is expected to affect the financial results and financial position for at least 2020 and 2021. The impact on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management will continue to monitor the situation closely and will assess any potential further impact on the Group's financial position and performance, including the recoverable amount of its investments, in case the period of disruption becomes prolonged.

***Greek Macros*:** Notwithstanding the above, during 2019, the fundamentals and prospects of the Greek economy improved. However, the Covid-19 pandemic crisis disrupted global financial stability and reversed the growth prospects of the Greek economy for 2020, which were positive during the first two months of the year.

GDP declined by 7.9% in the first half of 2020 compared to the corresponding period of 2019 mainly reflecting the containment measures from March 2020. The decline in GDP was driven by a drop in investment, travel and tourism markets and private consumption partly offset by increased government expenditure and exports.

Total domestic fuels consumption in the first half of 2020 decreased by 2% compared to the respective period of 2019, mainly affected by lower demand for gasoline and auto diesel, resulted from the coronavirus outbreak partly offset by the increased demand for heating gasoil, driven by low prices. Total demand for motor fuels decreased by 14.5%, with the declined sales more pronounced during mobility restrictions in Greece in April and May.
The outbreak of Covid-19 is expected to have a negative impact on the Greek economy affecting the public debt and unemployment rate as well as the non-performing loans and the low investments. The containment measures imposed by the Greek government due to the outbreak of Covid-19 also had a significant impact on demand and private consumption. 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.

***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. During the period of 2020 up to the date of approval of Hellenic Petroleum's Finance annual financial statements, the Group entered into certain derivatives to hedge cash flows related to purchases and sales of crude oil and petroleum products.

***Securing continuous crude oil supplies*:** The developments in the global and regional crude oil markets during the first half of 2020 (outbreak of Covid-19 and the containment measures imposed by the majority of the countries worldwide) resulted in a significant decrease in the cost of raw material for the Group. Average international crude oil reference prices in the first half of 2020 decreased by about 40% compared to average prices in 2019. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med refiners vs. their global peers. The Group was able to take advantage of this development and diversify its crude basket. In the context of the above the Group was able to capture opportunities in contango trades for crude and products by utilizing its available storage capacity. The oil sector is anticipated to gradually recover during the next months (mainly as a result of the gradual lift of the abovementioned measures, supported also by the reduction of crude oil surplus).

***Financing of operations*:** Given financial market developments since 2011, the key priorities of the Group have been the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium-term financing plan, the Group has maintained a mix of long term, medium term and short term credit facilities by taking

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. During the period of 2020 up to the date of approval of Hellenic Petroleum's Finance annual financial statements, the Group has successfully renewed all borrowings maturing within the period and additionally concluded a €100 million committed credit facility (Note 18 of Group's interim condensed consolidated financial statements), reaffirming its relationships with key financial institutions being the majority of the existing debt providers of the Group. As at the date of the balance sheet the Group has available funding headroom of €300 million within the limits of committed and uncommitted credit facilities, with approximately €200 million uncommitted under the bilateral financing arrangements. Additionally, the Group as at the date of the approval of these financial statements by the board of directors, has been granted with a new €100m committed two-year credit facility and is in process to refinance bank facilities maturing in the following 12 month period.

Approximately 70% of total debt is financed by medium to long term committed credit lines while the remaining debt is being financed by short term credit facilities (bilateral lines). Further details of the relevant loans and refinancing are provided in Group's interim condensed consolidated financial statements Note 18, "Interest bearing loans and borrowings"

Conclusion on the use of the going concern assumption in the preparation of the Group's interim condensed consolidated financial statements: Management has considered the impact of the Covid-19 pandemic up to the date of authorization of Group's interim condensed consolidated financial statements and reassessed its plans for the period of 18 months from the reporting date considering the deterioration in the economic environment and the impact on the financial performance of the Group. The profitability in the plans that Management examined are most sensitive to factors described above. The Group management concludes that, although Covid-19 may continue to have a significant impact on the Group's operations in the 2nd Half of 2020, such impact will be absorbable and does not imperil the long-term viability of the Group.

Based on the analysis performed and the refinancing plan which they are in the process of executing, management is satisfied that it can meet all its obligations as they fall due in the period of at least 12 months from the date of authorization of Group's interim condensed consolidated financial statements, and that there are no material uncertainties that may cast doubt on the Group's ability to operate as a going concern.

ii) Going Concern – The Company

At 31 December 2019, Hellenic Petroleum Finance PLC had net current assets of €3,625,027 (2018: net current liabilities of €19,946,246). The Company's receivables are predominantly intercompany loans, the recovery of which are used to enable the Company to satisfy its obligations under its borrowings consisting of Eurobonds. The next scheduled upcoming Eurobond repayment is the October 2021 bond, with an outstanding amount of €200,262,671 and due for repayment in October 2021. The Company is therefore reliant on the wider Hellenic Petroleum Group to repay its borrowings as they become due. In addition, the parent Company, Hellenic Petroleum S.A. has provided a guarantee for the repayment of the Eurobonds.

The Directors have obtained a letter of support from its parent company, Hellenic Petroleum S.A.. This letter states that Hellenic Petroleum S.A. will provide financial support to Hellenic Petroleum Finance PLC for a period of at least 12 months from the date of approval of these financial statements.

The Directors of Hellenic Petroleum Finance PLC have performed an assessment of the ability of Hellenic Petroleum S.A. to honour the parental letter of support that has been provided. They have obtained detailed projections of Group cash flow forecasts and assessed the underlying key assumptions including industry macros (e.g. prices, benchmark refining margins), operating levels (production and sales volumes), Group liquidity plan and other cash flow elements such as dividend payments which are discretionary. This assessment included sensitising the assumptions to reflect a number of scenarios considering the prevailing uncertain economic conditions in Europe as well as globally, particularly in the Energy sector including a prolonged period of economic recovery to levels of economic activity pre the COVID-19 Pandemic.

Through this analysis the Company directors have satisfied themselves the Company can continue in operational existence for at least 12 months from the date of this report. The directors consider that the going concern assumption is appropriate have prepared the financial statements on a going concern basis. This assumes that the company will have adequate resources to continue in operational existence through meeting its liabilities as they come due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

The financial statements have been prepared on a going concern basis under the historical cost convention.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU) and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

A summary of the most important accounting policies which have been used for the preparation of these financial statements is set out below. These policies have been applied consistently for the years presented, unless otherwise stated. The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying 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". These estimates are based on management's best knowledge of current events and actions; actual results ultimately may differ from those estimates.

Changes in accounting policies and disclosures

New standards, amendments to standards and interpretations of existing standards are detailed in the Group's consolidated financial statements available at Hellenic Petroleum S.A. website (www.helpe.gr). The below new standards have been adopted by the Company as of 1 January 2019, however they did not have a significant impact on the financial statements for the year ended 31 December 2019.

- *IFRS 16 Leases:* IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.
- *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.

- *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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentational currency

The Company transacts in Euros ("€"), US Dollars ("$") and also GB Pounds ("£"). Items included in the financial statements are measured in Euros; which is the Company's functional and presentational currency and all values are rounded to the nearest Euro (€), except when otherwise indicated.

(b) Transactions and balances

Foreign currency balances are translated into the functional currency using the exchange rates prevailing 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, are recognised in the statement of comprehensive income.

Interest income and interest expense
Interest income and interest expense is recognised on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Income 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, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income.

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 country where the Company operates and generates taxable income.

In accordance with the respective agreement between the Company and the HM Revenue & Customs, the tax is calculated on the basis of an on-lending margin based on a minimum 2.5 basis points spread.

Financial Assets
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 business model for managing them.

The business model for managing financial assets refers to how the Company 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.

At 31 December 2019 and 2018, the Company had no financial assets at fair value through profit or loss or at fair value through other OCI.

Financial assets at amortised 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

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.

Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as instruments at amortised cost in accordance with IFRS 9.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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, the fee is deferred until the draw-down occurs and recognized over the life of the loan using the effective interest method. To the extent that 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 derecognised 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. At the end of the reporting period payable amounts of bank overdrafts are included within borrowings in current liabilities on the statement of financial position. In the statement of cash flows, bank overdrafts are shown within financing activities.

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 any difference arising is recognised in profit and loss.

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)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

- changes in covenants

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.

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.

Other liabilities
Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for services received.

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

3. FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Company's strategy are subject to a number of risks primarily the key financial risks set out below. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

Financial risk management
The main purpose of the Company is to raise finance in the international capital markets for the purpose of funding the activities of the Parent Company and other Group companies in line with Group's business strategy. The Company's activities expose it to a variety of financial risks, which the Directors consider to be principally credit risk, liquidity risk, interest rate risk and foreign exchange risk. The financial instruments of the Company include loans receivables, cash and other liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations.

(a) Credit risk
The principal credit risk to the Company is that the borrowers will not be able to meet their obligations as they fall due. The risk is minimised by the fact that the loans are provided to the Parent Company and other subsidiaries of the Group, the credit quality of which is continuously monitored and assessed by the Company. None of the loans granted are either past due or impaired.

(b) Liquidity risk
Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom through committed credit facilities. The Company maintains flexibility in its funding through the use of committed credit facilities and, moreover, by granting loans to the Group companies which are payable on demand or have a maturity period less than those of the related borrowings. The balance outstanding on the €450 million Eurobond after the prepayment of the tender offer will mature in October 2021 and the new €500 million Eurobond issued on October 2019 will mature in October 2024.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows expected to be paid or received. Accrued interest at year end for loans receivable and borrowings are separately presented.

Loans receivable are repayable on demand and have no standard interest rate margin (Note 9). Therefore, the receivable amounts below do not include the expected interest receivable amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

	Less than 1 year	Between 1 to 5 years	Total
	€	€	€
As at 31 December 2019			
Loan receivable from Group companies	-	689,620,000	689,620,000
Accrued interest income	8,435,377	-	8,435,377
Total	**8,435,377**	**689,620,000**	**698,055,377**
Debt issued and other borrowings	19,803,089	746,398,534	766,201,623
Interest payable and other liabilities	4,873,017	-	4,873,017
Total	**24,676,106**	**746,398,534**	**771,074,640**

Further details regarding the Company's loans receivable are provided in Note 9 and for borrowings in Note 13.

	Less than 1 year	Between 1 to 5 years	Total
	€	€	€
As at 31 December 2018			
Loan receivable from Group companies	335,200,000	449,342,972	784,542,972
Accrued interest income	14,154,590	-	14,154,590
Total	**349,354,590**	**449,342,972**	**798,697,562**
Debt issued and other borrowings	358,465,145	493,359,175	851,824,320
Interest payable and other liabilities	13,097,256	-	13,097,256
Total	**371,562,401**	**493,359,175**	**864,921,576**

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

(c) Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which settle at different dates. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of floating rate assets and, where applicable, floating rate liabilities are similar and by adjusting, if necessary, the interest rate on its financial assets in order to match that of any fixed rate liabilities. At 31 December 2019, the Company had total borrowings amounting to €698 million (2018: €768 million) of fixed coupons Eurobonds

Re-pricing analysis
The following table indicates the interest rate re-pricing profile of the Company's assets and liabilities.

Assets and liabilities are allocated into time bands according to their re-pricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments. The re-pricing of the variable interest rate of loan receivables from Group Companies is reviewed on an ad-hoc basis and at least annually to match the liabilities so that the Company meets its obligations as they fall due. For further details regarding the terms and conditions of the loan receivables' agreements refer to Note 9.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

As at December 2019	**Total**	**Less than 1 year**	**Between 1 to 2 years**	**Between 2 to 5 years**
	€	**€**	**€**	**€**
Assets				
Loans receivable from Group companies	689,620,000	-	520,000	689,100,000
Accrued interest income	8,435,377	8,435,377	-	-
Total assets	**698,055,377**	**8,435,377**	**520,000**	**689,100,000**
Liabilities				
Borrowings	697,921,870	-	200,735,127	497,186,743
Accrued interest expense	4,547,661	4,547,661	-	-
Total liabilities	**702,469,531**	**4,547,661**	**200,735,127**	**497,186,743**
Total interest sensitivity gap	**(4,414,154)**	**3,887,716**	**(200,215,127)**	**191,913,257**

As at December 2018	**Total**	**Less than 1 year**	**Between 1 to 2 years**	**Between 2 to 5 years**
	€	**€**	**€**	**€**
Assets				
Loans receivable from Group companies	784,542,972	335,200,000	-	449,342,972
Accrued interest income	14,154,590	14,154,590	-	-
Total assets	**798,697,562**	**349,354,590**	**-**	**449,342,972**
Liabilities				
Borrowings	768,087,313	319,763,000	-	448,324,313
Accrued interest expense	12,932,167	12,932,167	-	-
Total liabilities	**781,019,480**	**332,695,167**	**-**	**448,324,313**
Total interest sensitivity gap	**17,678,082**	**16,659,423**	**-**	**1,018,659**

Effective interest rates
The weighted average effective interest rates were as follows:

	2019	**2018**
Loans receivable		
- US$ floating	-	-
- Euro floating	5.43%	5.39%
Loans payable		
- US$ fixed	-	-
- Euro floating	-	4.43%
- Euro fixed	4.83%	5.03%

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity

The Company's sensitivity to interest rates is limited as any changes in interest rates on the loans received are passed directly to the loans granted to other members of the Group. The directors therefore consider that there would be minimal change in the net profit / (loss) for the year and net assets attributable to shareholders' equity for the year ended 31 December 2019 should interest rates have moved upwards or downwards by 100bps.

(d) Foreign exchange risk
The Company's foreign currency risk exposure is managed by having back to back currency loans and assets. The Company does not face any significant foreign exchange risk.

(e) Capital risk management
The Company's principal objective when managing capital is to raise financing in the international capital markets for the purpose of funding the activities of the Parent Company and other Group companies in line with the Group's business strategy. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with the industry convention, the Company monitors capital 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 and cash equivalents". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

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

	2019	2018
	€	€
Total Borrowings (Note 13)	692,157,047	765,100,599
Less: Cash and cash equivalents (Note 11)	(99,687)	(2,087,056)
Net Debt	**692,057,360**	**763,013,543**
Total Equity	1,087,980	22,574,599
Total Capital Employed	**693,145,340**	**785,588,142**
Gearing Ratio	**99.8%**	**97.1%**

The high gearing ratio reflects the nature of the Company's business as a financing vehicle for the Group.

United Kingdom's exit from the European Union: The Company is sourcing funds from international debt capital markets. It is uncertain, how the exit of the UK from the EU, especially if that happens without an agreement (no deal Brexit), will affect existing Eurobonds, as well as the Company's funding from international debt capital markets. Legal advice received indicates that the Company will be able to continue unimpeded to source funding through the issue of Eurobonds under the terms and conditions of Notes currently in circulation. 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements necessarily requires the exercise of judgement both in the application of accounting policies and in the selection of assumptions used in the calculation of accounting estimates. These judgements are reviewed on an on-going basis and are continually evaluated based on historical experience and other factors. The most significantly affected components of the financial statements and associated critical judgements are as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

i) Critical accounting estimates

(a) Effective interest rate method
In calculating the effective interest rate of financial instruments, the Company takes into account interest received or paid, fees and commissions paid or received, expected early redemptions and related penalties and premiums and discounts on acquisition or issue that are integral to the yield as well as incremental transaction costs. Judgement is exercised in relation to directly related transaction costs such as fees and commissions that should be capitalised and netted of against borrowings and in relation to calculating the effective interest rate.

The effective yield has been calculated based on the expected life of the Notes issued by the Company.

(b) Recoverability of intercompany loans
In assessing the recoverability of intercompany loans, the Company utilizes internal and/or external information where available, regarding the credit risk of its counterparties and exercises judgement in determining the estimated loss given default rates applicable to each counterparty. The Company estimated the impact on the expected credit loss on loans receivable if certain key assumptions used varied with all other variables held constant as follows:

Key assumption tested	Change in assmuption	Impact in expected credit loss in € million
Probability of Default	+3%	1.97
Percentage loss given default	+3%	0.02

ii) Critical accounting judgements

Determination of debt restructuring
The Company, in line with borrowings' policy in Note 2, reviews the terms and conditions of bonds in the event of a debt restructuring in order to conclude on the appropriate accounting treatment to follow, between debt modification and debt extinguishment (Note 13). Relating to the bond issued in October 2019 and relevant tender offer, management has considered both quantitative and qualitative factors in determining whether the transaction leads to a substantially different borrowing or a modification of the existing borrowing terms. In the view of management, the changes in the qualitative terms of the new borrowings are substantial and would, without further quantitative analysis lead to the immediate derecognition of the previous debt.

5. SEGMENTAL REPORTING

The directors consider that there is only one business segment, which is the provision of finance for fellow Group companies. The directors consider that the analysis of the results of the Company as disclosed in these financial statements is sufficient for the purposes of reporting the activities.

The Company's revenue is comprised of interest income on the loans provided to the Group companies and is generated entirely in the European Union.

6. INTEREST EXPENSE

	2019	2018
	€	€
Interest expense on borrowings	30,346,218	39,758,906
Amortisation of deferred borrowing cost	2,110,842	3,215,474
	32,457,060	**42,974,380**

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. ADMINISTRATIVE EXPENSES

	2019	2018
	€	€
Professional fees	23,750	21,879
Fees payable to the Company's auditors for the audit of the Company's financial statements	39,600	39,000
Fees for tax services	14,640	16,041
Bank charges	5,295	3,924
Company administration and director fees	47,358	19,621
Consulting fees	293,927	317,440
Legal fees	14,512	6,200
Other expenses	20,657	7,660
	459,739	**431,765**

The auditors' remuneration for the year ended 31 December 2019 was €35,000 net of VAT (2018: €33,000). Non-audit remuneration was €127,000 which related to bond issuance fees and were capitalised (2018: €nil).

The Company has no employees. Directors remuneration for the year, included in the table above in "Company administration and director fees" was €28,037 (2018: €12,434) (Note 15).

8. INCOME TAX EXPENSE

Current income tax for the year amounts to €74,873 (2018: €56,539). The standard rate of Corporation Tax in the UK throughout 2019 was 19% (2018: 19%).

Reconciliation of effective tax rate

	2019	2018
	€	€
Profit / (loss) before tax for the year	(21,411,746)	279,082
Tax charge / (credit) on profit / (loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(4,068,232)	53,026
Tax losses not carried forward	4,068,232	-
Permanent adjustment	74,873	3,513
Total income tax charge in the statement of comprehensive income	**74,873**	**56,539**

The Company took no advantage of tax loses and, in accordance with the accounting policy for income tax expense in Note 2, estimated the income tax expense in line with the agreement with the HMRC. The permanent adjustment reflects the income tax payable calculated based on the provisions of the aforementioned agreement.

In March 2020, the UK government has utilised the Provisional Collection of Taxes Act 1968 to maintain the main corporation tax rate at 19% (previously 17%) which was substantively enacted on 17 March 2020.

9. LOANS AND RECEIVABLES

The loans receivable relate to periodic loans granted to companies within the Group. The loans bear interest at various margins over EURIBOR (2018: margin over EURIBOR). More specifically:

The loan agreements with the counterparties, have similar terms which are summarized below:
- The lender makes available to the borrower an uncommitted loan facility up to an agreed amount.
- The borrower may borrow an amount up to the facility agreement, subject always to the consent of the lender.
- The borrower must repay the loan on demand by the lender at any time. All loans shall if not demanded previously

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. LOANS AND RECEIVABLES (Continued)

be repaid after a number of years specified in each agreement.
- The borrower pays interest at a rate notified by the lender.

In substance and taking into consideration that all parties involved in the above agreements are always Group subsidiaries, the maturity of the loans provided by the Company reflect the maturity of the loans raised from the capital markets by the Company. Also the Company may ask the counterparties to repay either part of their loans or the whole loan for restructuring purposes between the Group companies and always after considering the counterparty's ability to repay the respective amount at a given point in time.

In the 12 month period ended 31 December 2019 the Company amended the loan agreements with Group's entities Hellenic Petroleum International A.G. and Hellenic Fuels and Lubricants Industrial and Commercial S.A., extending their maturity date to October 2024.

As at 31 December 2019, the carrying amounts of the loan receivables between the Group and the Company are denominated in Euro (Note 15). Loans granted by the Company to the parent company and other Group subsidiaries mirror HPF's credit risk and carry zero interest rate risk, accordingly the fair values of loans and receivables approximate their carrying amount.

At each reporting date, in accordance with the requirements of IFRS 9, the Company performs an assessment regarding the recoverability of the loans receivables (Note 4), taking into account the current probability of default, as well as the estimated loss given default rate for each counterparty and the total amount of the respective loan. Based on the assessment performed at 31 December 2019, the Company concluded that the expected credit losses of these loans were immaterial and no impairment loss was recorded.

10. PREPAYMENTS AND ACCRUED INCOME

	2019	**2018**
	€	**€**
Accrued interest income	8,435,377	14,154,590
Prepaid expenses	15,168	20,195
	8,450,545	**14,174,785**

11. CASH AND CASH EQUIVALENTS

	2019	**2018**
	€	**€**
Cash at bank	99,687	2,087,056
	99,687	**2,087,056**

12. ORDINARY SHARE CAPITAL

	Numbers of Shares (authorised and issued)	**Share Capital €**	**Total €**
As at 1 January and 31 December 2018	6,970,000	10,000,000	10,000,000
As at 31 December 2019	**6,970,000**	**10,000,000**	**10,000,000**

The authorised share capital of the Company is split into 6,970,000 ordinary shares of £1 each. The issued share capital consists of 6,970,000 £1 paid ordinary shares.
The issued share capital is reflected in the financial statements based on the prevailing €/£ exchange rate at the time it was issued, which was 1.435.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INTEREST BEARING LOANS AND BORROWINGS

	As at 31 December	
	2019	**2018**
	€	**€**
Non-current borrowings		
Eurobond	697,921,870	448,324,313
Unamortised Eurobond fees	(5,764,823)	(1,609,694)
Non-current borrowings	**692,157,047**	**446,714,619**
Current borrowings		
Eurobond	-	319,763,000
Unamortised Eurobond fees	-	(1,377,020)
Total current borrowings	**-**	**318,385,980**
Total borrowings	**692,157,047**	**765,100,599**

At 31 December 2019, outstanding borrowings consisted of Notes issued under Eurobond transactions as described below. The Notes are guaranteed by the Parent Company.

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.
Eurobond €450 million

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 €74.53million 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. The Company, in line with borrowings policy in Note 2, reviewed the terms and conditions of the bonds issued compared to those prepaid and concluded that the appropriate treatment was to account for this transaction as a debt extinguishment. Expenses incurred as extinguishment cost and related to the tender offer consist mainly of premium paid and unamortised fees written off that amounted to €24.6 million and are recorded in other expenses in profit or loss of the statement of comprehensive income. Total cash outflow for the partial prepayment of the bonds amounted to €271.4 million, including the premium paid of 23 million.

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. Gross cash inflow from this issue amounted to €497 million and net cash inflow amounted to €248.6 million.

The Company has not experienced any defaults in relation to payment of principal, interest or other breaches with regards to its borrowings in 2019 or as at the date of approval of these financial statements. The proceeds of the aforementioned facilities have been used to provide loans to the Parent Company and other members of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INTEREST BEARING LOANS AND BORROWINGS (continued)

The table below presents the changes in liabilities arising from financing activities for the year ended 31 December 2019.

	1 January 2019	Cash flows – borrowings	Cash flows – bond fees	Non-cash movements	31 December 2019
	€	€	€	€	€
Non-current Eurobonds	446,714,619	248,609,000	(5,548,933)	2,382,361	692,157,047
Current Eurobonds	318,385,980	(319,763,000)	-	1,377,020	-
Total liabilities from financing activities	**765,100,599**	**(71,154,000)**	**(5,548,933)**	**3,759,381**	**692,157,047**

"Cash flows – bond fees" column includes the bond issue expenses paid and capitalised.
"Non-cash movements" column includes the effect of reclassification of non-current portion of bank borrowings to current due to passage of time as well as the amortization of deferred borrowing costs and issuance below par. For the current period it also includes the write-off of unamortised issuance fees and issuance below par, related to bond partially repaid.

The carrying amounts and fair value of Euro denominated Eurobonds are as follows:

	Book value	Fair value
As at December 2019	**€**	**€**
Eurobond €500m – October 2024	491,894,376	504,170,000
Eurobond €450m – October 2021	200,262,671	214,101,469
Total	**692,157,047**	**718,271,469**
As at December 2018	**€**	**€**
Eurobond €450m – October 2021	446,714,619	471,848,765
Eurobond €325m – July 2019	318,385,980	325,435,575
Total	**765,100,599**	**797,284,340**

As at September 2020 the Company's Euro denominated Eurobonds on average trade very close to par value and as such there is no significant change to the fair values reported in the table above.

No other borrowings existed as at 31 December 2019.

14. INTEREST PAYABLE AND OTHER LIABILITIES

	As at 31 December	
	2019	**2018**
	€	**€**
Accrued interest payable	4,547,661	12,932,167
Other payables	325,356	165,089
	4,873,017	**13,097,256**

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures.

During the year the Company provided loans to other members of the Group. At 31 December 2019 and 2018 the following loans were outstanding:

	As at 31 December	
	2019	**2018**
	€	**€**
Hellenic Petroleum S.A. (Parent Company)	656,900,000	726,722,972
Hellenic Petroleum International A.G. (Fellow subsidiary)	24,200,000	47,000,000
Hellenic Fuels and Lubricants S.A. (Fellow subsidiary)	8,000,000	8,000,000
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	520,000	2,820,000
Total	**689,620,000**	**784,542,972**

Interest charged on these loans during the year amounted to €36,256,514 (2018: €43,666,968) of which €8,435,377 was outstanding at 31 December 2019 (31 December 2018: €14,154,590) (Note 10).

The following table presents the breakdown of interest income from related entities:

	As at 31 December	
	2019	**2018**
	€	**€**
Hellenic Petroleum S.A. (Parent Company)	34,015,704	39,780,578
Hellenic Petroleum International A.G. (Fellow subsidiary)	1,690,469	3,342,212
Hellenic Fuels and Lubricants S.A. (Fellow subsidiary)	433,998	437,367
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	116,343	106,811
Total	**36,256,514**	**43,666,968**

Purchases of administrative services in relation to the Company from related parties are portrayed in the table below:

	For the year ended 31 December	
	2019	**2018**
	€	**€**
HELPE International Consulting S.A. (Fellow subsidiary)	339,760	317,440
	339,760	**317,440**

The personal director nominated by TMF Corporate Administration Services Limited (‘TMF’) that provides director services to the Company, has not received director emoluments in their personal capacity. The personal directorship fee to TMF amounted to €6,280 (2018: €6,217). Additionally, directors acting as physical directors were entitled to a total remuneration of €21,757 (2018: €6,217).

The smallest and largest group into which the Company is consolidated is Hellenic Petroleum S.A. and is incorporated in Greece. Copies of the financial statements of Hellenic Petroleum S.A. may be obtained from Hellenic Petroleum S.A., Chimarras 8A, Marousi, 15125, Greece or online at the Group’s website www.helpe.gr.

The immediate and ultimate parent undertaking and controlling party is Hellenic Petroleum S.A.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. EVENTS AFTER THE REPORTING PERIOD

There are no events, after the end of the reporting period and up to the date of approval of the financial statements by the board of directors, that have a direct impact on the Company. However, the COVID-19 Pandemic and the impact to the financial results to the Group companies that have borrowed from Hellenic Petroleum Finance PLC, namely Hellenic Petroleum S.A., have been disclosed in the Strategic Report section of these financial statements.