# HELLENIC PETROLEUM S.A.

# INTERIM CONDENSED FINANCIAL STATEMENTS

## FOR THE NINE-MONTH PERIOD ENDED

# 30 SEPTEMBER 2020

HELLENIC PETROLEUM

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# I. Company Information

| | |
|---|---|
| **Directors** | Ioannis Papathanasiou – Chairman of the Board<br>Andreas Shiamishis – Chief Executive Officer<br>Georgios Alexopoulos – Member<br>Theodoros–Achilleas Vardas – Member<br>Michail Kefalogiannis – Member<br>Alexandros Metaxas –Member<br>Iordanis Aivazis – Member<br>Loukas Papazoglou – Member<br>Alkiviades-Konstantinos Psarras – Member<br>Theodoros Pantalakis – Member<br>Spiridon Pandelias - Member<br>Georgios Papakonstantinou – Member<br>Constantinos Papagiannopoulos – Member |
| **Registered Office:** | 8[A] Chimarras Str.<br>GR 15125 Maroussi, Greece |
| **General Commercial Registry:** | 000296601000 |

*(All amounts in Euro thousands unless otherwise stated)*

# II. Interim Condensed Statement of Financial Position

| | | As at | |
|---|---|---|---|
| | **Note** | **30 September 2020** | **31 December 2019** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **9** | 2.693.143 | 2.693.794 |
| Right-of-use assets | **10** | 27.173 | 32.084 |
| Intangible assets | **11** | 7.540 | 8.704 |
| Investments in subsidiaries, associates and joint ventures | | 1.052.661 | 1.045.138 |
| Investment in equity instruments | **3** | 428 | 965 |
| Loans, advances and long-term assets | | 9.971 | 22.089 |
| | | **3.790.916** | **3.802.774** |
| **Current assets** | | | |
| Inventories | **12** | 644.103 | 899.760 |
| Trade and other receivables | **13** | 499.727 | 791.257 |
| Income tax receivable | | 89.766 | 87.616 |
| Derivative financial instruments | **3** | 4.936 | 3.474 |
| Cash and cash equivalents | **14** | 543.400 | 888.564 |
| | | **1.781.932** | **2.670.671** |
| **Total assets** | | **5.572.848** | **6.473.445** |
| **EQUITY** | | | |
| Share capital and share premium | **15** | 1.020.081 | 1.020.081 |
| Reserves | **16** | 277.438 | 283.106 |
| Retained Earnings | | 479.490 | 935.648 |
| **Total equity** | | **1.777.009** | **2.238.835** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | **17** | 1.061.123 | 1.607.838 |
| Lease liabilities | | 19.060 | 21.264 |
| Deferred income tax liabilities | | 85 | 182.065 |
| Retirement benefit obligations | | 154.795 | 147.074 |
| Provisions | | 22.651 | 22.797 |
| Other non-current liabilities | | 12.955 | 13.620 |
| | | **1.270.669** | **1.994.658** |
| **Current liabilities** | | | |
| Trade and other payables | **18** | 950.754 | 1.271.809 |
| Derivative financial instruments | **3** | 1.806 | - |
| Income tax payable | | 450 | 5.785 |
| Interest bearing loans and borrowings | **17** | 1.564.126 | 875.576 |
| Lease liabilities | | 6.757 | 9.919 |
| Dividends payable | | 1.277 | 76.863 |
| | | **2.525.170** | **2.239.952** |
| **Total liabilities** | | **3.795.839** | **4.234.610** |
| **Total equity and liabilities** | | **5.572.848** | **6.473.445** |

The notes on pages 8 to 32 are an integral part of these interim condensed financial statements.

| | | |
|---|---|---|
| A. Shiamishis | C. Thomas | S. Papadimitriou |
| Chief Executive Officer | Chief Financial Officer | Accounting Director |

*(All amounts in Euro thousands unless otherwise stated)*

# III. Interim Condensed Statement of Comprehensive Income

| | Note | For the nine-month period ended 30 September 2020 | For the nine-month period ended 30 September 2019 | For the three-month period ended 30 September 2020 | For the three-month period ended 30 September 2019 |
|---|---|---|---|---|---|
| **Revenue from contracts with customers** | 4 | **3.952.006** | **6.172.545** | **1.261.066** | **2.085.130** |
| Cost of sales | | (4.327.683) | (5.814.449) | (1.291.089) | (1.987.544) |
| **Gross profit / (loss)** | | **(375.677)** | **358.096** | **(30.023)** | **97.586** |
| Selling and distribution expenses | | (71.764) | (75.320) | (19.842) | (25.683) |
| Administrative expenses | | (61.283) | (62.763) | (20.225) | (23.653) |
| Exploration and development expenses | | (1.094) | (79) | (28) | (27) |
| Other operating income/(expenses) & other gains/(losses) | 5 | 35 | 1.215 | (7.248) | 1.700 |
| **Operating profit / (loss)** | | **(509.783)** | **221.149** | **(77.366)** | **49.923** |
| Finance income | | 7.150 | 8.141 | 2.240 | 2.632 |
| Finance expense | | (76.920) | (86.707) | (24.854) | (26.102) |
| Lease finance cost | | (1.003) | (669) | (311) | (205) |
| Dividend income | | 11.533 | 38.416 | 11.533 | 30.499 |
| Currency exchange gains/(losses) | 6 | 10.885 | 1.175 | 6.569 | 143 |
| **Profit / (Loss) before income tax** | | **(558.138)** | **181.505** | **(82.189)** | **56.890** |
| Income tax credit / (expense) | 7 | 178.389 | (34.706) | 20.275 | (6.040) |
| **Profit / (Loss) for the period** | | **(379.749)** | **146.799** | **(61.914)** | **50.850** |
| **Other comprehensive income/(loss):** | | | | | |
| **Other comprehensive income/(loss), that will not be reclassified to profit or loss (net of tax):** | | | | | |
| Acruarial losses on defined benefit pension plans | 16 | (2.938) | (6.188) | (2.938) | (6.188) |
| Changes in the fair value of equity instruments | 16 | (409) | 540 | (78) | (111) |
| | | **(3.347)** | **(5.648)** | **(3.016)** | **(6.299)** |
| **Other comprehensive income/(loss), that may be reclassified subsequently to profit or loss (net of tax):** | | | | | |
| Fair value gains / (losses) on cash flow hedges | 16 | (27.398) | 4.149 | 3.742 | (1.037) |
| Recycling of losses / (gains) on hedges through comprehensive income | 16 | 25.077 | 1.501 | - | - |
| | | **(2.321)** | **5.650** | **3.742** | **(1.037)** |
| **Other Comprehensive income/(loss) for the period, net of tax** | | **(5.668)** | **2** | **726** | **(7.336)** |
| **Total comprehensive income / (loss) for the period** | | **(385.417)** | **146.801** | **(61.188)** | **43.514** |
| **Basic and diluted earnings / (losses) per share (expressed in Euro per share)** | 8 | **(1,24)** | **0,48** | **(0,20)** | **0,17** |

The notes on pages 8 to 32 are an integral part of these interim condensed financial statements.

*(All amounts in Euro thousands unless otherwise stated)*

# IV. Interim Condensed Statement of Changes in Equity

| | Note | Share Capital | Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2019** | | **1.020.081** | **262.263** | **864.333** | **2.146.677** |
| Actuarial losses on defined benefit pension plans | **16** | - | (6.188) | - | (6.188) |
| Changes in the fair value of equity instruments | **16** | - | 540 | - | 540 |
| Fair value gains/(losses) on cash flow hedges | **16** | - | 4.149 | - | 4.149 |
| Recycling of (gains)/losses on hedges through comprehensive income | **16** | - | 1.501 | - | 1.501 |
| **Other comprehensive income/(loss)** | | **-** | **2** | **-** | **2** |
| Profit/(Loss) for the period | | - | - | 146.799 | 146.799 |
| **Total comprehensive income/(loss) for the period** | | **-** | **2** | **146.799** | **146.801** |
| Dividends | | - | - | (152.818) | (152.818) |
| **Balance at 30 September 2019** | | **1.020.081** | **262.265** | **858.314** | **2.140.660** |
| **Balance at 1 January 2020** | | **1.020.081** | **283.106** | **935.648** | **2.238.835** |
| **Movement - 1 January 2020 to 30 September 2020** | | | | | |
| Actuarial losses on defined benefit pension plans | **16** | - | (2.938) | - | (2.938) |
| Changes in the fair value of equity instruments | **16** | - | (409) | - | (409) |
| Fair value gains/(losses) on cash flow hedges | **16** | - | (27.398) | - | (27.398) |
| Recycling of (gains)/losses on hedges through comprehensive income | **16** | - | 25.077 | - | 25.077 |
| **Other comprehensive income/(loss)** | | **-** | **(5.668)** | **-** | **(5.668)** |
| Profit/(Loss) for the period | | - | - | (379.749) | (379.749) |
| **Total comprehensive income/(loss) for the period** | | **-** | **(5.668)** | **(379.749)** | **(385.417)** |
| Dividends | **23** | - | - | (76.409) | (76.409) |
| **Balance at 30 September 2020** | | **1.020.081** | **277.438** | **479.490** | **1.777.009** |

The notes on pages 8 to 32 are an integral part of these interim condensed financial statements.

*(All amounts in Euro thousands unless otherwise stated)*

# V. Interim Condensed Statement of Cash Flows

| | Note | For the nine-month period ended 30 September 2020 | 30 September 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from / (used in) operations | **19** | (292.121) | 296.793 |
| Income tax received / (paid) | | (22.768) | (59.292) |
| **Net cash generated from / (used in) operations** | | **(314.889)** | **237.501** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment & intangible | **9,11** | (116.474) | (92.176) |
| Proceeds from disposal of property, plant and equipment & intangible assets | | 4.846 | 1.074 |
| Dividends received | | 161.042 | 38.416 |
| Interest received | | 7.150 | 8.141 |
| Participation in share capital increase of subsidiaries, associates and joint ventures | | (11.618) | (22.702) |
| **Net cash generated from / (used in) investing activities** | | **44.946** | **(67.247)** |
| **Cash flows from financing activities** | | | |
| Interest paid | | (62.874) | (80.672) |
| Dividends paid | | (152.622) | (150.078) |
| Proceeds from borrowings | | 338.521 | 11.577 |
| Repayments of borrowings | | (190.279) | (306.946) |
| Payment of lease liabilities - principal | | (7.394) | (4.697) |
| Payment of lease liabilities - interest | | (1.003) | (669) |
| **Net cash generated from /(used in) financing activities** | | **(75.651)** | **(531.485)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **(345.594)** | **(361.231)** |
| **Cash and cash equivalents at the beginning of the period** | **14** | **888.564** | **1.070.377** |
| Exchange gains / (losses) on cash and cash equivalents | | 430 | 9.266 |
| Net increase / (decrease) in cash and cash equivalents | | (345.594) | (361.231) |
| **Cash and cash equivalents at end of the period** | **14** | **543.400** | **718.412** |

The notes on pages 8 to 32 are an integral part of these interim condensed financial statements.

# VI. Notes to the Interim Condensed Financial Statements

## 1. GENERAL INFORMATION

Hellenic Petroleum S.A. (the "Company" or "Hellenic Petroleum") operates in the energy sector in Greece. The Company's activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons.

The Company is incorporated in Greece and the address of its registered office is 8A Chimarras str., Maroussi 15125. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

## 2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

**Basis of preparation of the unaudited interim condensed financial statements**

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

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34 (IAS 34) – *Interim Financial Reporting*, and present the financial position, results of operations and cash flows of the Company on a going concern basis.

Management has considered the impact of the Covid-19 pandemic, as described in Note 3, up to the date of authorization of these condensed financial statements, the funding available and the refinancing plans in place and has concluded that the going concern basis of their preparation is appropriate.

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

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

Where necessary and as described in relevant notes, comparative figures have been reclassified to conform to changes in the presentation of the current period.

These interim condensed financial statements do not include all information and disclosures required for the annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019, which can be found on the Company's website www.helpe.gr.

The interim condensed financial statements for the nine-month period ended 30 September 2020 have been authorised for issue by the Board of Directors on 5 November 2020.

### Accounting policies and the use of estimates

The preparation of the interim condensed financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed financial statements are disclosed where considered necessary. Estimates and judgements which are discussed in detail in the annual financial statements for the year ended 31 December 2019, are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

As a result of the Covid-19 pandemic and the economic impact thereof, management reviewed its estimates with regards to future cash flows utilized in estimating the recoverable amount of its investments as well as the estimations for future credit losses on trade receivables.

*Estimates in value-in-use calculations*

Given the impact of Covid-19, the Company proceeded with a further assessment of impairment indicators on the various segments it operates. Despite the effect of Covid-19 during the nine-month period ended 30 September 2020 and the reduced profitability expected for the fourth quarter of 2020 and 2021, as compared to the assumptions used in the respective impairment tests prepared for the year ended 31 December 2019, management concluded that no further impairment losses need to be recorded. However, management will continue to monitor the developments for the rest of the year and adjust their estimates accordingly.

*Provision for expected credit losses of receivables*

Management assessed forward-looking information specific to its trade debtors and the economic environment taken into account the impact of Covid-19 and recorded additional losses in line with its policies, when needed. (Note 13).

**New standards, interpretations and amendments adopted by the Company:**

The accounting policies and methods of computation used in the preparation of the interim condensed financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2019 and have been consistently applied in all periods presented in this report, except for the following IFRSs, which have been adopted by the Company as of 1 January 2020. Amendments and interpretations that apply for the first time in 2020 did not have a significant impact on the interim condensed financial statements of the Company for the nine-month period ended 30 September 2020. These are also disclosed below.

- *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.

- *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.

- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments).* 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".* In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR).

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

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

- *IFRS 16 (Amendment) 'Covid-19-Related Rent Concessions'* (effective for annual periods beginning on or after 1 June 2020). The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

  – The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  – Any reduction in lease payments affects only payments originally due on or before 30 September 2021.
  – There is no substantive change to other terms and conditions of the lease.

The amendment has not yet been endorsed by the EU.

- *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform – Phase 2'* *(effective for annual periods beginning on or after 1 January 2021).*The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose. The amendments have not yet been endorsed by the EU.

- *IAS 1 (Amendment) 'Classification of liabilities as current or non-current'* (effective for annual periods beginning on or after 1 January 2023). The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. 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.

- *IAS 16 (Amendment) 'Property, Plant and Equipment – Proceeds before Intended Use'* (effective for annual periods beginning on or after 1 January 2022). The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities. The amendment has not yet been endorsed by the EU.

- *IAS 37 (Amendment) 'Onerous Contracts – Cost of Fulfilling a Contract'* (effective for annual periods beginning on or after 1 January 2022). The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been endorsed by the EU.

- *IFRS 3 (Amendment) 'Reference to the Conceptual Framework'* (effective for annual periods beginning on or after 1 January 2022). The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been endorsed by the EU.

- *Annual Improvements to IFRS Standards 2018–2020* (effective for annual periods beginning on or after 1 January 2022). The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU. IFRS 9 'Financial instruments': The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test. IFRS 16 'Leases': The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the standard in order to remove any potential confusion about the treatment of lease incentives.

- *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.

## 3. FINANCIAL RISK MANAGEMENT

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

*Greek Macros:* 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 14% in the second quarter of 2020, compared to the previous quarter (GDP decreased by 15,2%, as compared to the corresponding period in 2019), reflecting the impact of the Covid-19 pandemic and the containment measures imposed by the Greek government. The decline in GDP was driven mainly by a drop in exports, investment and private consumption.

Total domestic fuels consumption in the nine months of 2020 decreased by 3,8% compared to the respective period of 2019, mainly affected by lower demand for gasoline and auto diesel, resulting from the coronavirus outbreak; the decrease was partially offset by higher demand for heating gasoil, driven by low prices. Total demand for motor fuels decreased by 12%, compared to the respective period of the previous year, with the declined sales more pronounced during mobility restrictions in Greece in April and May.

The outbreak of the Covid-19 pandemic 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 Company's operations.

*COVID-19:* 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. The majority of the 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 and entertainment were directly disrupted by these measures. Other industries such as manufacturing and financial services were affected indirectly.

The strict containment measures gradually relaxed during May, leading to a partial recovery of the domestic demand during the summer. However, following a steady increase of the number of infections during summer and especially since August, the Greek Government reintroduced measures and restrictions to contain the spread of the coronavirus. Despite the measures taken during the previous months, during October the situation in the country deteriorated further and the government announced even stricter measures, including local lockdowns, in order to control the spread of the pandemic.

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 Company, resulting in declined profitability and high inventory valuation losses. However, the above have not altered the Company's strategic orientation, or targets and the current operations are largely unaffected.

The Company 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).
- 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 Company's financial position and performance, including the recoverable amount of the investments in subsidiaries, in case the period of disruption becomes prolonged.

*United Kingdom's exit from the European Union:* The Company is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, Hellenic Petroleum Finance plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. It is uncertain, how the exit of the UK from the EU, will affect existing HPF Eurobonds, as well as the Company's funding from international debt capital markets. 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.

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

*Prices:* Commodity price risk management is supervised by a Risk Management Committee which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Company's operating units. During the nine-month period ended on 30 September 2020 Company 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 nine months 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 Company. Average international crude oil reference prices in the nine months of 2020 decreased by c. 37% 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 Company was able to take advantage of this development and diversify its crude basket. In the context of the above the Company 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 following months, mainly as a result of the gradual lift of the abovementioned measures.

*Financing of operations:* Given financial market developments since 2011, the key priorities of the Company 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, Hellenic Petroleum 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. In the nine-month period ended 30 September 2020, the Company has successfully renewed all borrowings maturing within the period and additionally concluded a €100 million committed credit facility and a €100 million bilateral line (Note 17), reaffirming its relationships with key financial institutions being the majority of the existing debt providers of the Company. Approximately 45% 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 Note 17 "Interest-bearing loans and borrowings".

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

| *(€ million)* | **4Q20** | **9M21** | **Total** | **Schedule for repayment** | **Schedule for refinancing** |
|---|---|---|---|---|---|
| **Contractual Term Facilities** | | | | | |
| Bond loan €400 million | 225 | - | 225 | - | 225 |
| Bond loan €300 million | - | 300 | 300 | - | 300 |
| Bond loan $250 million | - | 214 | 214 | - | 214 |
| European Investment Bank ("EIB") Term loan | 22 | 22 | 44 | 44 | - |
| **Other credit lines (callable on demand)** | | | | | |
| Bilateral / Factoring with recourse | 781 | - | 781 | - | 781 |
| **Total** | **1.028** | **536** | **1.564** | **44** | **1.520** |

The Company is in the process of executing a refinancing plan for the above bond loans. Following negotiations with the banks concerned, the Company obtained proposed key terms for refinancing certain of the above bond loan facilities as well as head of terms for a new committed term loan facility. The Company expects the refinancing to be completed in due time before maturity of existing loans. With respect to the bilateral lines, these are uncommitted credit facilities with various banks to finance general corporate needs, which have been consistently renewed in the last 20 years in accordance with the Company's finance needs. The Company expects it will be able to continue to renew these in the future, or will refinance part of them into term loans.

*(All amounts in Euro thousands unless otherwise stated)*

*Capital management:* Another key priority of the Company has been the management of its Assets. Overall the Company has approximately €3,9 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in its subsidiaries, associates and joint ventures. Current assets are mainly funded with current liabilities (incl. short-term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Company's investment plan, during the period 2007-2012, net debt level, excluding leases, has increased to 54% of total capital employed, while the remaining is financed through shareholders equity. In the medium term the Company's intention is to reduce its net debt levels through the utilisation of the incremental operating cashflows. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

The interim condensed financial statements do not include all financial risk management information and disclosures that are required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2019.

There have been no changes in the risk management or in any risk management policies since 31 December 2019.

## Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 30 September 2020:

| | Level 1 | Level 2 | Level 3 | Total balance |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivatives held for trading | - | - | - | - |
| Derivatives used for hedging | - | 4.936 | - | 4.936 |
| Investment in equity instruments | 428 | - | - | 428 |
| | **428** | **4.936** | **-** | **5.364** |
| **Liabilities** | | | | |
| Derivatives held for trading | - | 108 | - | 108 |
| Derivatives used for hedging | - | 1.698 | - | 1.698 |
| | **-** | **1.806** | **-** | **1.806** |

*(All amounts in Euro thousands unless otherwise stated)*

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

| | Level 1 | Level 2 | Level 3 | Total balance |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivatives used for hedging | - | 3.474 | - | 3.474 |
| Investment in equity instruments | 965 | - | - | 965 |
| | **965** | **3.474** | **-** | **4.439** |

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

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

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

Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the period. There were no transfers between levels during the nine-month period ended 30 September 2020.

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

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

## 4. ANALYSIS BY OPERATING SEGMENT

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

*(All amounts in Euro thousands unless otherwise stated)*

Financial information regarding the Company's operating segments for the nine-month period ended 30 September 2020 is presented below:

**For the nine-month period ended 30 September 2020**

| | Note | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | | 3.766.252 | 185.754 | - | - | 3.952.006 |
| **EBITDA** | | **(425.271)** | **46.281** | **2.011** | **(6.639)** | **(383.618)** |
| Depreciation and amortisation (PPE & Intangible assets) | **9,11** | (116.305) | (2.674) | (203) | - | (119.182) |
| Depreciation of right-of-use assets | **10** | (4.277) | (2.689) | (7) | (10) | (6.983) |
| **Operating profit / (loss)** | | **(545.853)** | **40.918** | **1.801** | **(6.649)** | **(509.783)** |
| Finance income /(expense) | | (42.471) | (1.353) | - | (25.946) | (69.770) |
| Lease finance cost | | (957) | (46) | - | - | (1.003) |
| Dividend income | | - | - | - | 11.533 | 11.533 |
| Currency exchange gains/(losses) | **6** | 10.885 | - | - | - | 10.885 |
| **Profit / (Loss) before income tax** | | **(578.396)** | **39.519** | **1.801** | **(21.062)** | **(558.138)** |
| Income tax credit / (expense) | **7** | | | | | 178.389 |
| **Profit / (Loss) for the period** | | | | | | **(379.749)** |

*EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation*

Financial information regarding the Company's operating segments for the nine-month period ended 30 September 2019 is presented below:

**For the nine-month period ended 30 September 2019**

| | Note | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | | 5.947.069 | 225.476 | - | - | 6.172.545 |
| **EBITDA** | | **275.359** | **64.525** | **846** | **(7.660)** | **333.070** |
| Depreciation and amortisation (PPE & Intangible assets) | **9,11** | (104.168) | (2.797) | (86) | - | (107.051) |
| Depreciation of right-of-use assets | **10** | (4.773) | (83) | (7) | (7) | (4.870) |
| **Operating profit / (loss)** | | **166.418** | **61.645** | **753** | **(7.667)** | **221.149** |
| Finance income /(expense) | | (37.183) | (1.353) | - | (40.030) | (78.566) |
| Lease finance cost | | (663) | (5) | (1) | - | (669) |
| Dividend income | | - | - | - | 38.416 | 38.416 |
| Currency exchange gains/(losses) | **6** | 1.175 | - | - | - | 1.175 |
| **Profit / (Loss) before income tax** | | **129.747** | **60.287** | **752** | **(9.281)** | **181.505** |
| Income tax credit / (expense) | **7** | | | | | (34.706) |
| **Profit / (Loss) for the period** | | | | | | **146.799** |

*EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation*

*(All amounts in Euro thousands unless otherwise stated)*

There were no changes in the basis of segmentation or in the basis of measurement of segment profit or loss, as compared to the annual financial statements for the year ended 31 December 2019. There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the annual financial statements for the year ended 31 December 2019.

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

**For the nine-month period ended 30 September 2020**

| | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|
| Domestic | 1.217.378 | 67.631 | - | - | 1.285.009 |
| Aviation & Bunkering | 387.418 | - | - | - | 387.418 |
| Exports | 2.161.456 | 118.123 | - | - | 2.279.579 |
| **Revenue from contracts with customers** | **3.766.252** | **185.754** | **-** | **-** | **3.952.006** |

**For the nine-month period ended 30 September 2019**

| | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|
| Domestic | 1.876.976 | 77.445 | - | - | 1.954.421 |
| Aviation & Bunkering | 971.295 | - | - | - | 971.295 |
| Exports | 3.098.798 | 148.031 | - | - | 3.246.829 |
| **Revenue from contracts with customers** | **5.947.069** | **225.476** | **-** | **-** | **6.172.545** |

## 5. OTHER OPERATING INCOME / (EXPENSES) AND OTHER GAINS / (LOSSES)

| | For the nine-month period ended | | For the three-month period ended | |
|---|---|---|---|---|
| | 30 September 2020 | 30 September 2019 | 30 September 2020 | 30 September 2019 |
| **Other operating income and other gains** | | | | |
| Income from grants | 498 | 469 | 150 | 156 |
| Services to third parties | 3.902 | 4.074 | 1.262 | 1.177 |
| Rental income | 1.170 | 1.123 | 392 | 384 |
| Insurance compensation | 143 | 480 | - | 209 |
| Gains on disposal of non-current assets | 3.518 | 1.074 | - | - |
| Gains from discounting of long-term receivables and liabilities | 1.234 | - | (94) | - |
| Other | 11.000 | 3.684 | (225) | 257 |
| **Total** | **21.465** | **10.904** | **1.485** | **2.183** |
| **Other operating expenses and other losses** | | | | |
| Covid-19 related expenses | (11.037) | - | (2.930) | - |
| Impairment of investments | (6.020) | (6.914) | (4.020) | - |
| Impairment of fixed assets | - | (714) | - | (36) |
| Losses from discounting of long-term receivables and liabilities | - | (1.649) | - | (241) |
| Other | (4.373) | (412) | (1.783) | (205) |
| **Total** | **(21.430)** | **(9.689)** | **(8.733)** | **(482)** |
| **Total other operating income/(expenses) and other gains/(losses)** | **35** | **1.215** | **(7.248)** | **1.700** |

*Restatement:* The analysis of the comparative amounts as at 30 September 2019 has been reclassified within the note to conform to changes in presentation of the current year.

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

*(All amounts in Euro thousands unless otherwise stated)*

Covid-19 related expenses of €11 million comprise of €4,9 million payroll costs mainly related to required modifications in the working shifts in the refineries, €4,1 million donations to the health-care system, €0,9 million for protective measures in all Company's premises and €1,1 million for marketing, consulting services and other related expenses.

## 6. CURRENCY EXCHANGE GAINS / (LOSSES)

Foreign currency exchange gains of €10,9 million, reported for the nine-month period ended 30 September 2020, mainly relate to unrealized gains arising from the valuation of bank accounts and borrowings denominated in foreign currency (mostly US$). The corresponding amount for the nine-month period ended 30 September 2019 was a gain of €1,2 million.

## 7. INCOME TAX CREDIT / (EXPENSE)

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

| | For the nine-month period ended | | For the three-month period ended | |
|---|---|---|---|---|
| | **30 September 2020** | **30 September 2019** | **30 September 2020** | **30 September 2019** |
| Current year tax | - | (10.174) | - | 1.709 |
| Prior year tax | (1.801) | - | (1.128) | - |
| Deferred tax | 180.190 | (24.532) | 21.403 | (7.749) |
| **Income tax credit / (expense)** | **178.389** | **(34.706)** | **20.275** | **(6.040)** |

The corporate income tax rate for the nine-month period ended 30 September 2020 is 24% (nine-month period ended 30 September 2019: 28%).

The deferred tax credit within income taxes mainly relates to tax losses arising in the nine-month period ended 30 September 2020 and carried forward, amounting to €134 million.

In accordance with thin capitalization rules the net interest expense is deductible up to a certain percentage of tax EBITDA. This resulted in a deferred tax asset of €15 million as at 30 September 2020 (31 December 2019: nil), which can be offset against future taxable profits without any time constraints.

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

**Audits by Certified Auditors – Tax Compliance Report**

Effective from fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an "Annual Tax Compliance Report" as provided for by par.5, article 82 of L.2238/1994 and article 65A of L.4174/2013, as of 2014 from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report, under certain conditions, substitutes the full tax audit by the tax authorities; however the tax authorities reserve the right of future tax audit, taking into consideration the statute of limitation provisions. The Company has received unqualified Tax Compliance Reports for fiscal years up to 2018 (inclusive) and management expects that the same will also apply for the year ended 31 December 2019.

**Audits by Tax Authorities**

The Company has undergone full tax audits for the financial years ended up to and including 31 December 2011.

Notwithstanding the possibility of future tax audits, Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the condensed financial statements as of 30 September 2020 (Note 22).

## 8. EARNINGS / (LOSSES) PER SHARE

Basic earnings / (losses) per share are calculated by dividing the net profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares. Diluted earnings / (losses) per share equal basic earnings / (losses) per share.

| | For the nine-month period ended | | For the three-month period ended | |
|---|---|---|---|---|
| | 30 September 2020 | 30 September 2019 | 30 September 2020 | 30 September 2019 |
| **Earnings/(Losses) per share attributable to the Company Shareholders (expressed in Euro per share):** | **(1,24)** | **0,48** | **(0,20)** | **0,17** |
| Net income / (loss) attributable to ordinary shares (Euro in thousands) | (379.749) | 146.799 | (61.914) | 50.850 |
| Weighted average number of ordinary shares | 305.635.185 | 305.635.185 | 305.635.185 | 305.635.185 |

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Plant & Machi-nery | Motor vehicles | Furniture and fixtures | Assets Under Cons-truction | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **As at 1 January 2019** | **142.850** | **541.928** | **3.992.671** | **15.583** | **91.296** | **82.288** | **4.866.616** |
| Additions | - | 18 | 750 | 12 | 1.036 | 88.797 | 90.613 |
| Capitalised projects | - | 2.880 | 36.968 | 124 | 382 | (40.354) | - |
| Disposals | - | - | - | (20) | (8) | - | (28) |
| Impairment / Write-off | - | - | - | - | - | (692) | (692) |
| Transfers and other movements | - | - | 409 | - | - | (2.898) | (2.489) |
| **As at 30 September 2019** | **142.850** | **544.826** | **4.030.798** | **15.699** | **92.706** | **127.141** | **4.954.020** |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2019** | **-** | **232.169** | **1.858.332** | **11.226** | **80.652** | **-** | **2.182.379** |
| Charge for the period | - | 11.491 | 90.489 | 305 | 1.797 | - | 104.082 |
| Disposals | - | - | - | (20) | (8) | - | (28) |
| **As at 30 September 2019** | **-** | **243.660** | **1.948.821** | **11.511** | **82.441** | **-** | **2.286.433** |
| **Net Book Value at 30 September 2019** | **142.850** | **301.166** | **2.081.977** | **4.188** | **10.265** | **127.141** | **2.667.587** |
| **Cost** | | | | | | | |
| **As at 1 January 2020** | **142.850** | **546.816** | **4.105.313** | **15.699** | **94.480** | **114.193** | **5.019.351** |
| Additions | - | - | 1.304 | 74 | 1.932 | 110.493 | 113.803 |
| Capitalised projects | - | 1.890 | 47.159 | - | 41 | (49.090) | - |
| Disposals | - | - | - | - | (25) | - | (25) |
| Transfers and other movements | - | - | 2.221 | - | - | (1.422) | 799 |
| **As at 30 September 2020** | **142.850** | **548.706** | **4.155.997** | **15.773** | **96.428** | **174.174** | **5.133.928** |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2020** | **-** | **247.468** | **1.983.400** | **11.615** | **83.074** | **-** | **2.325.557** |
| Charge for the period | - | 11.091 | 101.834 | 310 | 2.017 | - | 115.252 |
| Disposals | - | - | - | - | (24) | - | (24) |
| **As at 30 September 2020** | **-** | **258.559** | **2.085.234** | **11.925** | **85.067** | **-** | **2.440.785** |
| **Net Book Value at 30 September 2020** | **142.850** | **290.147** | **2.070.763** | **3.848** | **11.361** | **174.174** | **2.693.143** |

'Transfers and other movements' include the transfer of computer software development costs to intangible assets (Note 11) and the transfer of spare parts for the refinery units between inventories and fixed assets.

*(All amounts in Euro thousands unless otherwise stated)*

## 10. RIGHT OF USE ASSETS

| | Commercial Properties | Plant & Machinery | Motor vehicles | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 January 2019** | **17.054** | **6.285** | **2.405** | **25.744** |
| Additions | 25 | 144 | 863 | 1.032 |
| Modification | (5) | 13 | (456) | (448) |
| **As at 30 September 2019** | **17.074** | **6.442** | **2.812** | **26.328** |
| **Accumulated Depreciation** | | | | |
| **As at 1 January 2019** | **-** | **-** | **-** | **-** |
| Charge for the period | 3.520 | 836 | 514 | 4.870 |
| **As at 30 September 2019** | **3.520** | **836** | **514** | **4.870** |
| **Net Book Value at 30 September 2019** | **13.554** | **5.606** | **2.298** | **21.458** |
| **Cost** | | | | |
| **As at 1 January 2020** | **23.363** | **8.869** | **6.645** | **38.877** |
| Additions | - | 1.043 | 1.079 | 2.122 |
| Modification | 18 | 30 | (98) | (50) |
| **As at 30 September 2020** | **23.381** | **9.942** | **7.626** | **40.949** |
| **Accumulated Depreciation** | | | | |
| **As at 1 January 2020** | **4.644** | **1.134** | **1.015** | **6.793** |
| Charge for the period | 2.516 | 1.358 | 3.109 | 6.983 |
| **As at 30 September 2020** | **7.160** | **2.492** | **4.124** | **13.776** |
| **Net Book Value at 30 September 2020** | **16.221** | **7.450** | **3.502** | **27.173** |

*(All amounts in Euro thousands unless otherwise stated)*

## 11. INTANGIBLE ASSETS

| | Computer software | Licences & Rights | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at 1 January 2019** | **97.902** | **24.299** | **122.201** |
| Additions | 1.563 | - | 1.563 |
| Transfers & other movements | 2.898 | - | 2.898 |
| **As at 30 September 2019** | **102.363** | **24.299** | **126.662** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2019** | **93.107** | **24.295** | **117.402** |
| Charge for the period | 2.969 | - | 2.969 |
| **As at 30 September 2019** | **96.076** | **24.295** | **120.371** |
| | | | |
| **Net Book Value at 30 September 2019** | **6.287** | **4** | **6.291** |
| | | | |
| **Cost** | | | |
| **As at 1 January 2020** | **105.334** | **25.536** | **130.870** |
| Additions | 2.227 | 444 | 2.671 |
| Disposals | - | (1.681) | (1.681) |
| Transfers & other movements | 1.422 | - | 1.422 |
| **As at 30 September 2020** | **108.983** | **24.299** | **133.282** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2020** | **97.602** | **24.564** | **122.166** |
| Charge for the period | 3.844 | 86 | 3.930 |
| Disposals | - | (354) | (354) |
| **As at 30 September 2020** | **101.446** | **24.296** | **125.742** |
| | | | |
| **Net Book Value at 30 September 2020** | **7.537** | **3** | **7.540** |

'Licenses and Rights' include net exploration license costs relating to the exploration & production of hydrocarbons' concessions in Greece. During April 2020 they were transferred to other group entities. 'Transfers and other movements' in computer software include the transfer of computer software development costs from assets under construction to intangible assets (Note 9).

## 12. INVENTORIES

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| Crude oil | 198.173 | 331.447 |
| Refined products and semi-finished products | 364.990 | 487.614 |
| Petrochemicals | 22.877 | 25.554 |
| Consumable materials, spare parts and other | 90.390 | 85.485 |
| - Less: Impairment provision for consumables and spare parts | (32.327) | (30.340) |
| **Total** | **644.103** | **899.760** |

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to €3,9 billion (30 September 2019: €5,4 billion). As at 30 September 2020, the Company wrote down inventories to their net realisable value, recording a loss of €37,2 million (30 September 2019: loss of €2,0 million), included in 'Cost of Sales' in the statement of comprehensive income.

*(All amounts in Euro thousands unless otherwise stated)*

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

## 13. TRADE AND OTHER RECEIVABLES

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| Trade receivables | 295.433 | 449.115 |
| - Less: Provision for impairment of receivables | (100.735) | (100.543) |
| **Trade receivables net** | **194.698** | **348.572** |
| Other receivables | 297.959 | 443.101 |
| - Less: Provision for impairment of receivables | (14.438) | (14.438) |
| **Other receivables net** | **283.521** | **428.663** |
| Deferred charges and prepayments | 21.508 | 14.022 |
| **Total** | **499.727** | **791.257** |

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

‘Other receivables’ include balances in respect of advances to suppliers, advances to personnel, VAT, withholding taxes and taxes paid (other than income taxes, which are shown separately on the statement of financial position), as a result of tax audit assessments from the tax authorities during previous years. The Company has disputed the relevant assessments and has commenced legal proceedings. The timing of the finalisation of these disputes cannot be estimated and the Company has classified the amounts as current assets.

Other receivables as at 30 September 2020 also include the following:

a) €54m of VAT approved refunds (31 December 2019: €54 million), which has been withheld by the customs authorities due to a dispute relating to stock shortages. The Company has filed a specific legal objection and claim against this action and expects to fully recover this amount, following the conclusion of the relevant legal proceedings (see Note 22).
b) A one-year bond loan of €138 million (31 December 2019: €138 million) to EKO ABEE, a Group company (Note 20).

The Company recognised impairment losses on trade and other receivables, included in the statement of comprehensive income, amounting to €0,2 million and €0,2 million for the nine months ended 30 September 2020 and 2019, respectively.

## 14. CASH AND CASH EQUIVALENTS

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| Cash at Bank and in Hand | 543.400 | 888.564 |
| **Cash and cash equivalents** | **543.400** | **888.564** |

*(All amounts in Euro thousands unless otherwise stated)*

The balance of US Dollars included in Cash at bank as at 30 September 2020 was US$451 million (Euro equivalent €385 million). The respective amount for the year ended 31 December 2019 was US$ 822 million (Euro equivalent €732 million).

## 15. SHARE CAPITAL

| | Number of Shares (authorised and issued) | Share Capital | Share premium | Total |
|---|---|---|---|---|
| As at 1 January 2019 & 31 December 2019 | 305.635.185 | 666.285 | 353.796 | 1.020.081 |
| **As at 30 September 2020** | **305.635.185** | **666.285** | **353.796** | **1.020.081** |

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2019: €2,18).

## 16. RESERVES

| | Statutory reserve | Special reserves | Tax-free & Incentive law reserves | Hedging reserve | Actuarial gains/ (losses) | Equity instrum. FVOCI gains/ (losses) | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2019** | **144.838** | **86.495** | **71.255** | **(11.751)** | **(28.065)** | **(509)** | **262.263** |
| - Fair value gains/(losses) on cash flow hedges | - | - | - | 4.149 | - | - | 4.149 |
| - Recycling of (gains)/losses on hedges through comprehensive income | - | - | - | 1.501 | - | - | 1.501 |
| Actuarial losses on defined benefit pension plans | - | - | - | - | (6.188) | - | (6.188) |
| Changes in the fair value of equity instruments | - | - | - | - | - | 540 | 540 |
| **Balance at 30 September 2019** | **144.838** | **86.495** | **71.255** | **(6.101)** | **(34.253)** | **31** | **262.265** |
| **Balance at 1 January 2020** | **160.656** | **86.495** | **71.255** | **2.640** | **(37.900)** | **(40)** | **283.106** |
| - Fair value gains/(losses) on cash flow hedges | - | - | - | (27.398) | - | - | (27.398) |
| - Recycling of (gains)/losses on hedges through comprehensive income | - | - | - | 25.077 | - | - | 25.077 |
| Actuarial losses on defined benefit pension plans | - | - | - | - | (2.938) | - | (2.938) |
| Changes in the fair value of equity instruments | - | - | - | - | - | (409) | (409) |
| **Balance at 30 September 2020** | **160.656** | **86.495** | **71.255** | **319** | **(40.838)** | **(449)** | **277.438** |

*Statutory reserves*

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

*Special reserves*

Special reserves primarily relate to reserves arising from tax revaluations in accordance with the relevant legislation in prior years.

*Tax-free and incentive law reserves*

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

*Hedging reserve*

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss, when the associated hedged transaction affects profit or loss, within cost of sales. As at 30 September 2020 the fair value result in hedging reserve relates to transactions described in Note 3 for commodity price risk management.

*Other reserves*

These include:

(i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

(ii) Changes in the fair value of investments that are classified as investments in equity instruments.

## 17. INTEREST-BEARING LOANS AND BORROWINGS

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| **Non-current interest bearing loans and borrowings** | | |
| Bank borrowings | 44.444 | 66.667 |
| Intercompany borrowings | 521.900 | 689.900 |
| Bond loans | 494.779 | 851.271 |
| **Non-current borrowings** | **1.061.123** | **1.607.838** |
| | | |
| **Current interest bearing loans and borrowings** | | |
| Short-term bank borrowings | 1.519.682 | 831.132 |
| Current portion of long-term bank borrowings | 44.444 | 44.444 |
| **Total current borrowings** | **1.564.126** | **875.576** |
| | | |
| **Total borrowings** | **2.625.249** | **2.483.414** |

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

Borrowings by maturity as at 30 September 2020 and 31 December 2019 are summarised in the table below (amounts in € million):

| | | As at | |
|---|---|---|---|
| | **Maturity** | **30 September 2020 (millions)** | **31 December 2019 (millions)** |
| Bond loan €400 million | Jun 2023 | 395 | 394 |
| Bond loan €400 million | Dec 2020 | 225 | 224 |
| Bond loan €300 million | Feb 2021 | 300 | 299 |
| Bond loan $250 million | Jun 2021 | 213 | 159 |
| Bond loan €100 million | Oct 2021 | 100 | - |
| European Investment Bank ("EIB") Term loan | Jun 2022 | 89 | 111 |
| HPF Loan, October 2016 | Oct 2021 | 418 | 442 |
| HPF Loan, October 2019 | Oct 2024 | 71 | 215 |
| Bilateral lines | Various | 814 | 639 |
| **Total** | | **2.625** | **2.483** |

No loans were in default as at 30 September 2020 (none as at 31 December 2019).

*(All amounts in Euro thousands unless otherwise stated)*

Significant movements in borrowings for the nine-month period ended 30 September 2020 are as follows:

*Bond loan $250 million, maturing in June 2021*

In March 2020, Hellenic Petroleum S.A. drew on the remaining portion ($70 million) of its $250 million 3 year revolving bond loan facility to finance general working capital needs.

*Bond Loan €100 million, maturing in October 2021*

In line with its liquidity risk management strategy to increase its committed credit term facilities and cash reserves, in view of the Covid-19 crisis, Hellenic Petroleum S.A. concluded a new €100 million committed credit facility, with a tenor of 18 months, in April 2020.

*HPF Loan, maturing in October 2021*

Total repayments during the nine-month period ended 30 September 2020, amount to €24 million.

*HPF Loan, maturing in October 2024*

Total repayments during the nine-month period ended 30 September 2020, amount to €144 million.

*Bilateral lines*

The Company has credit facilities with various banks, to finance general corporate needs, which are being renewed in accordance with the Company's finance needs. The facilities mainly comprise of short-term loans.

In April 2020, the Company concluded an additional new €100 million bilateral loan. The outstanding balance as at 30 September 2020 was €60 million.

Bilateral loan balances increased by €175 million during the nine months of 2020, in line with the Company's liquidity risk management strategy to build up its cash reserves as the Covid-19 crisis is unfolding.

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

## 18. TRADE AND OTHER PAYABLES

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| Trade payables | 840.789 | 1.165.580 |
| Accrued Expenses | 92.000 | 64.280 |
| Other payables | 17.965 | 41.949 |
| **Total** | **950.754** | **1.271.809** |

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

Trade payables, as at 30 September 2020 and 31 December 2019, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long-term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. In the period from 16 January 2016 up to 8 May 2018, when sanctions were suspended, the Company successfully made several payments against a significant part of these amounts. Since 8 May 2018, following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place.

*(All amounts in Euro thousands unless otherwise stated)*

Accrued expenses mainly relate to accrued interest, payroll-related accruals and accruals for operating expenses not yet invoiced.

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

## 19. CASH GENERATED FROM OPERATIONS

| | | For the nine-month period ended | |
|---|---|---|---|
| | **Note** | **30 September 2020** | **30 September 2019** |
| **Profit / (Loss) before tax** | | **(558.138)** | **181.505** |
| *Adjustments for:* | | | |
| Depreciation and impairment of property, plant and equipment and right of use assets | **9,10** | 122.235 | 109.644 |
| Amortisation and impairment of intangible assets | **11** | 3.930 | 2.969 |
| Amortisation of grants | **5** | (498) | (469) |
| Financial expenses / (income) - net | | 70.773 | 79.235 |
| Provisions for expenses and valuation changes | | 16.948 | 34.212 |
| Amortization of long-term contracts costs | **5** | (1.234) | 1.649 |
| Gains on disposal of property, plant and equipment | | (3.518) | (1.074) |
| Foreign exchange (gains) / losses | **6** | (10.885) | (1.175) |
| Dividend income | | (11.533) | (38.416) |
| | | **(371.920)** | **368.080** |
| **Changes in working capital** | | | |
| (Increase) / Decrease in inventories | | 260.185 | (95.264) |
| (Increase) / Decrease in trade and other receivables | | 169.236 | (10.391) |
| Increase / (Decrease) in trade and other payables | | (349.622) | 34.368 |
| | | **79.799** | **(71.287)** |
| **Net cash generated from / (used in) operating activities** | | **(292.121)** | **296.793** |

*(All amounts in Euro thousands unless otherwise stated)*

## 20. RELATED PARTY TRANSACTIONS

The interim condensed statement of comprehensive income includes transactions between the Company and related parties. Such transactions mainly comprise sales and purchases of goods and services in the ordinary course of business.

| | For the nine-month period ended | |
|---|---|---|
| | **30 September 2020** | **30 September 2019** |
| **Sales of goods and services to related parties** | | |
| Group entities | 1.212.686 | 2.178.567 |
| Associates | 557.303 | 263.587 |
| Joint ventures | 397 | 392 |
| **Total** | **1.770.386** | **2.442.546** |
| | | |
| **Purchases of goods and services from related parties** | | |
| Group entities | 31.701 | 41.015 |
| Associates | 454.073 | 318.309 |
| Joint ventures | 30.617 | 24.387 |
| **Total** | **516.391** | **383.711** |

Other operating income/(expenses) & other gains/(losses)-net for the nine-month period to 30 September 2020 include income from subsidiaries, amounting to €3,6 million (30 September 2019: €5,4 million).

The statement of financial position includes balances, which derive from sales / purchases of goods and services in the ordinary course of business.

| | As at | |
|---|---|---|
| | **30 September 2020** | **31 December 2019** |
| **Balances due to related parties (Trade and other creditors)** | | |
| Group entities | 19.668 | 14.469 |
| Associates | 0 | 8.732 |
| Joint ventures | 0 | 0 |
| **Total** | **19.668** | **23.201** |
| | | |
| **Balances due from related parties (Trade and other debtors)** | | |
| Group entities | 52.025 | 247.232 |
| Associates | 17.769 | 14.283 |
| Joint ventures | 234 | 256 |
| **Total** | **70.028** | **261.771** |

Transactions have been carried out with the following related parties:

a) Hellenic Petroleum Group companies

b) Associates and joint ventures of the Group, which are consolidated under the equity method.
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- DEPA Commercial S.A. (ex Public Gas Corporation of Greece S.A. – DEPA S.A.)
- DEPA Infrastructure S.A.

*(All amounts in Euro thousands unless otherwise stated)*

- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HoldCo

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V. The outstanding amount of these as at 30 September 2020 was €105 million (31 December 2019: €105 million).

DMEP HoldCo Ltd was incorporated in 2011 in the UK and ultimately owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" ("OTSM"). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Company has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 153 kMT (31 December 2019: 142 kMT), at a fee calculated in line with the legal framework. All transactions with OTSM are included in the current note.

c) Government related entities which are under common control with the Company due to the shareholding and control rights of the Hellenic State and with which the Company has material transactions or balances:
   - Public Power Corporation Hellas S.A.
   - Hellenic Armed Forces
   - Hellenic Distribution Network Operator S.A. (HEDNO)
   - Hellenic Gas Transmission System Operator S.A. (DESFA)

   During the nine-month period ended 30 September 2020, transactions and balances with the above government related entities are as follows:
   - Sales of goods and services amounted to €74 million (30 September 2019: €88 million);
   - Purchases of goods and services amounted to €42 million (30 September 2019: €48 million);
   - Receivable balances of €18 million (31 December 2019: €27 million);
   - Payable balances of €21 million (31 December 2019: €16 million).

d) Key management includes directors (Executive and non -Executive Members of the Board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable for the nine-month period ended 30 September 2020 to the aforementioned key management amounted as follows:

| | **For the nine-month period ended** | |
|---|---|---|
| | **30 September 2020** | **30 September 2019** |
| Short-term employee benefits | 3.409 | 3.500 |
| Post-employment benefits | 119 | 122 |
| Termination benefits | - | 280 |
| **Total** | **3.528** | **3.902** |

e) The Company participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece, either directly or indirectly, through its subsidiaries:
   - Edison International SpA, HELPE Patraikos, a group company – Greece, Patraikos Gulf
   - Total E&P Greece BV, Edison International SpA, HELPE West Kerkyra SA, a group company – Greece, Block 2, West of Corfu Island
   - Total E&P Greece BV, Exxon Mobil Exploration and Production Greece (Crete) BV, Hellenic Petroleum SA – Greece, Block West Crete
   - Total E&P Greece BV, Exxon Mobil Exploration and Production Greece (Crete) BV, Hellenic Petroleum SA – Greece, Block South West Crete
   - Repsol Exploracion, Hellenic Petroleum SA – Greece, Block Ionian
   - Calfrac Well Services Ltd, HELPE Sea of Thrace SA, a group company – Greece, Sea of Thrace concession

f) On 3 July 2020, Hellenic Petroleum S.A. established ELPEFUTURE S.A. (100% subsidiary). The share capital injected into the new company amounts to €2,5 million.

g) The Company has extended loans to its subsidiaries. The outstanding balance of these loans as at 30 September 2020 was €142,2 million (31 December 2019: €141,5 million). Interest income for the nine-month period ended 30 September 2020 was €4,1 million (30 September 2019: €5,0 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 3,64%.

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 30 September 2020 was €521,9 million (31 December 2019: €689,9 million). Interest expense for the nine-month period ended 30 September 2020 was €17,2 million (30 September 2019: €26,6 million). All loans are at variable interest rates. The average interest rate on inter-company loans during the nine-month period ended 30 September 2020 was 4,05%.

## 21. COMMITMENTS

a) Capital commitments

Significant contractual commitments of the Company, amount to €56 million as at 30 September 2020 (31 December 2019: €34 million), which mainly relate to improvements in refining assets.

b) Letters of Credit

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

c) Put and call option

Hellenic Petroleum S.A. is counterparty to outstanding put and call option agreements to purchase oil stock from its associate OTSM. The put and call options may be exercised by either counterparty at any time before maturity under certain conditions. The value of these two options (put and call) is immaterial due to the fact that the terms of the agreements are such that the transactions will be market priced resulting in zero payoff at any time of exercise.

## 22. CONTINGENCIES AND LITIGATION

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

**Business issues**

*(i) Unresolved legal claims:*

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

During the current and preceding years, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Company within the boundaries of each respective municipality. As at 30 September 2020, the total amounts imposed amount to €33,4 million (31 December 2019: €30,3 million) . In order to appeal against these, and in accordance with legislation, the Company has paid an amount of €14 million (31 December 2019: €14 million), which is included in other receivables in the interim condensed financial statements. During the nine-month period ended 30 September 2020, the Municipality of Aspropyrgos communicated a new duty/fine for the year 2019, amounting to €3,1 million. The Company has exercised all available legal recourse relating to these cases and Management have assessed that it is most probable that the outcome of all appeals will be favourable. Therefore the Company has not raised a provision with regard to these cases.

During the period ended 30 September 2020, the Company received credit notes from DEPA S.A., amounting to €7,3 million, following a court decision on its action against Botas Petroleum Pipeline Corporation ("Botas") and subject to the condition that if the outcome of Botas appeal against the above decision is favourable for the counterparty the above amount will be recalled by DEPA S.A. Management believes that the likelihood of such an event is less than probable and therefore has not raised a respective provision.

*(ii) Guarantees:*

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 30 September 2020 was the equivalent of €916 million (31 December 2019: €912 million).

**Taxation and customs**

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

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

*(i) Open tax years – Litigation tax cases:*

As disclosed in Note 7, tax audits have been completed by the Tax Authorities up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of €22,5 million and penalties of €23,5 million for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed.

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

Notification for audit has been received for the year ended 31 December 2012, which according to the general provisions is time-barred. During March 2020, a notification for audit was received, for the years 2014 up to and including 2017. The audit is in progress and is related to specific tax subjects. Moreover, during July 2020, a new notification for a full audit was received for the year 2014, regarding all tax subjects. This audit is also in progress.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognised in the financial statements as at 30 September 2020. The Company has recorded down payments made for taxes and penalties assessed in previous disputes with the tax authorities in income tax receivable, to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2018, the Company obtained unqualified "Annual Tax Compliance Reports" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013. Management expects that the same will also apply for the year ended 31 December 2019.

*(ii) Assessments of customs and fines:*

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

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 13), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

## 23. DIVIDENDS

At its meeting held on 5 November 2019, the Board of Directors decided to distribute an interim dividend of €0,25 per share for the financial year 2019. The dividend amounts to a total of €76,4 million and was paid during the first quarter of 2020.

On 27 February 2020, the Board of Directors proposed to the AGM the distribution of a final dividend of €0,25 per share for the financial year 2019, which was approved by the AGM on 24 June 2020. The total final dividend for 2019, amounts to €76,4 million and is included in the interim condensed financial statements for the nine-month period ended 30 September 2020. The whole amount was paid in July 2020.

## 24. OTHER SIGNIFICANT EVENTS

In December 2019, the Hellenic Republic Asset Development Fund ("HRADF" or the "Fund") launched an international public tender process for the joint sale, along with Hellenic Petroleum S.A. ("HELPE"), of the 100% in the share capital of DEPA Infrastructure S.A. In June 2020, Phase A of the tender process was completed, with six interested parties meeting the criteria to participate in Phase B (Binding Offers Phase).

In January 2020, the HRADF launched an international public tender process for the sale of 65% in the share capital of DEPA Commercial S.A. The Fund and HELPE have entered into a Memorandum of Understanding (MoU) allowing for the preferred investor to have the option to acquire the remaining 35% of shares in DEPA Commercial SA owned by HELPE, leading to an acquisition of 100% of its share capital. In June 2020, Phase A of the tender process was completed, with seven interested parties meeting the criteria to participate in Phase B (Binding Offers Phase). Hellenic Petroleum S.A. is among the interested parties, in a joint venture with Edison International Holding N.V.

The completion of sale process for DEPA Infrastructure S.A. and the completion of the sale or acquisition of controlling stake in DEPA Commercial S.A. are subject to a number of conditions including regulatory approval.

In accordance with Law 4001/ 2011, as amended by Law 4643/2019 a partial demerger of DEPA's distribution gas branch took place on 30 April 2020 and a new entity named DEPA Infrastructure S.A. was created. The new company includes the participation in the entities acting as operators of Natural Gas Distribution Networks, i.e. EDA Attikis SA, EDA Thessalonikis – Thessalias SA and DEDA SA. The surviving entity was renamed as DEPA Commercial S.A. and will include all current wholesale and retail gas activities of DEPA, through the 100% participation in EPA Attikis.

The Company's owns a 35% investment in each entity, i.e. DEPA Commercial S.A. and DEPA Infrastructure S.A.

## 25. EVENTS OCCURING AFTER THE REPORTING PERIOD

Other than the events already disclosed in Note 3, the below events took place after the end of the reporting period and up to the date of the publication of the financial statements:

On 1 October 2020, the Company through its wholly owned subsidiary, HELPE Renewables', completed the acquisition of a portfolio of photovoltaic projects at final permitting stage, in the wider Kozani region, Greece, from JUWI with a total planned installed capacity of 204 MW. The total cost of the investment is estimated at €130 million. The project comprises the construction of 18 PV systems spanning over an area of 4.400 acres. Works are planned to commence during the fourth quarter of 2020, with a planned duration of 16 months and the project is expected to be be fully operational by the first quarter of 2022.

On 1 October 2020, HPF successfully priced €99,9m of new notes principal amount, with a yield of 2.42%. These form a single series with HPF's existing notes due October 2024 and were offered through a private placement. The issue of the new notes was subscribed by selected institutional investors, with the European Bank for Reconstruction and Development participating at 75% of the issue.

In October 2020, the Company concluded a €100 million committed credit facility, with a tenor of 24 months.