# HELLENIC PETROLEUM HOLDINGS S.A.

(former HELLENIC PETROLEUM S.A.)

# Financial Statements

in accordance with IFRS as endorsed by the European Union for the year ended 31 December 2021

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

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## Company Information

| | |
|---|---|
| Directors | Ioannis Papathanasiou – Chairman of the Board |
| | Andreas Shiamishis – Chief Executive Officer |
| | Georgios Alexopoulos – Member |
| | Theodoros–Achilleas Vardas – Member |
| | Alexandros Metaxas – Member |
| | Iordanis Aivazis – Member |
| | Alkiviadis-Konstantinos Psarras – Member |
| | Anastasia Martseki – Member (From 17/05/2021) |
| | Nikolaos Vrettos – Member (From 30/06/2021) |
| | Lorraine Scaramanga – Member (From 30/06/2021) |
| | Panagiotis Tridimas – Member (From 30/06/2021) |
| Other Board Members during the period | Michail Kefalogiannis – Member (Until 17/05/2021) |
| | Loukas Papazoglou – Member (Until 17/05/2021) |
| | Theodoros Pantalakis – Member (Until 30/06/2021) |
| | Spiridon Pantelias – Member (Until 30/06/2021) |
| | Georgios Papakonstantinou – Member (Until 30/06/2021) |
| | Konstantinos Papagiannopoulos – Member (Until 30/06/2021) |
| | Anastasia Makarigaki – Member (From 17/05/2021 until 30/06/2021) |
| Registered Office | 8A Chimarras Str, |
| | GR 15121 - Maroussi |
| Auditors: | ERNST & YOUNG (HELLAS)<br>Certified Auditors – Accountants S.A.<br>8B Chimarras Str<br>151 25 Maroussi<br>Greece |

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

# Statement of Financial Position

| | Note | As at 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| ASSETS | | | |
| Property, plant and equipment | 6 | 2.707.520 | 2.766.635 |
| Right-of-use assets | 7 | 26.547 | 32.157 |
| Intangible assets | 8 | 1.111 | 8.094 |
| Investments in subsidiaries, associates and joint ventures | 9 | 933.596 | 1.064.566 |
| Investment in equity instruments | 3 | 37 | 587 |
| Loans, advances and long-term assets | 10 | 143.172 | 42.956 |
| Non-current assets | | 3.811.983 | 3.914.995 |
| Inventories | 11 | 1.240.774 | 599.613 |
| Trade and other receivables | 12 | 569.077 | 489.979 |
| Income tax receivable | 30 | 13.898 | 33.830 |
| Derivative financial instruments | 24 | 92.143 | 9.945 |
| Cash and cash equivalents | 13 | 843.493 | 992.748 |
| Current assets | | 2.759.385 | 2.126.115 |
| Assets held for sale | 14 | 122.301 | - |
| Total assets | | 6.693.669 | 6.041.110 |
| | | | |
| EQUITY | | | |
| Share capital and share premium | 15 | 1.020.081 | 1.020.081 |
| Reserves | 16 | 260.642 | 279.576 |
| Retained Earnings | | 714.744 | 520.475 |
| Total equity | | 1.995.467 | 1.820.132 |
| | | | |
| LIABILITIES | | | |
| Interest bearing loans and borrowings | 18 | 1.149.696 | 2.064.808 |
| Lease liabilities | 19 | 16.532 | 21.279 |
| Deferred income tax liabilities | 20 | 60.807 | 2.773 |
| Retirement benefit obligations | 21 | 174.211 | 159.782 |
| Provisions | 22 | 22.248 | 22.287 |
| Other non-current liabilities | 20 | 11.956 | 12.685 |
| Non-current liabilities | | 1.435.450 | 2.283.614 |
| Trade and other payables | 17 | 1.901.339 | 1.427.067 |
| Derivative financial instruments | 24 | 2.214 | 4.635 |
| Income tax payable | 30 | 416 | 450 |
| Interest bearing loans and borrowings | 18 | 1.349.300 | 494.675 |
| Lease liabilities | 19 | 8.216 | 9.284 |
| Dividends payable | | 1.267 | 1.253 |
| Current liabilities | | 3.262.752 | 1.937.364 |
| Total liabilities | | 4.698.202 | 4.220.978 |
| Total equity and liabilities | | 6.693.669 | 6.041.110 |

The Notes on pages 9 to 71 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 24 February 2022.

| A. Shiamishis | V. Tsaitas | S. Papadimitriou |
|---|---|---|
| Chief Executive Officer | Chief Financial Officer | Accounting Director |

# Statement of total Comprehensive Income / (Loss)

| | Note | For the year ended 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Revenue from contracts with customers | 5 | 8.425.535 | 5.114.813 |
| Cost of sales | 25 | (7.863.097) | (5.417.177) |
| Gross profit/(loss) | | 562.438 | (302.364) |
| Selling and distribution expenses | 25 | (104.996) | (95.983) |
| Administrative expenses | 25 | (92.548) | (78.536) |
| Exploration and development expenses | 26 | (124) | (1.123) |
| Other operating income and other gains | 27 | 25.723 | 38.444 |
| Other operating expense and other losses | 27 | (50.126) | (37.715) |
| Operating profit/(loss) | | 340.367 | (477.277) |
| | | | |
| Finance income | 28 | 7.719 | 9.727 |
| Finance expense | 28 | (92.775) | (102.724) |
| Lease finance cost | 19,28 | (1.110) | (1.388) |
| Dividend income | 9 | 22.809 | 51.533 |
| Currency exchange gains/(losses) | 29 | 16.007 | 4.988 |
| Profit/(Loss) before income tax | | 293.017 | (515.141) |
| | | | |
| Income tax | 30 | (63.336) | 176.377 |
| | | | |
| Profit/(Loss) for the year | | 229.681 | (338.764) |
| | | | |
| Other comprehensive income/(loss): | | | |
| Other comprehensive income/(loss), that will not be reclassified to profit or loss (net of tax): | | | |
| Actuarial losses on defined benefit pension plans | 16 | (12.940) | (6.311) |
| Changes in the fair value of equity instruments | 16 | (345) | (288) |
| | | (13.285) | (6.599) |
| 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 | 25.472 | (22.008) |
| Recycling of (gains)/losses on hedges through comprehensive income | 16 | (31.794) | 25.077 |
| Other Comprehensive income/(loss) for the year, net of tax | | (19.607) | (3.530) |
| Total comprehensive income/(loss) for the year | | 210.074 | (342.294) |
| | | | |
| Earnings/(Losses) per share (expressed in Euro per share) | 31 | 0,75 | (1,11) |

The Notes on pages 9 to 86 are an integral part of these financial statements.

# Statement of Changes in Equity

| | Note | Share Capital | Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| Balance at 1 January 2020 | | 1.020.081 | 283.106 | 935.648 | 2.238.835 |
| Actuarial losses on defined benefit pension plans | 16 | - | (6.311) | - | (6.311) |
| Changes in the fair value of equity instruments | 16 | | (288) | | (288) |
| Fair value gains/(losses) on cash flow hedges | 16 | - | (22.008) | - | (22.008) |
| Recycling of gains/(losses) on hedges through comprehensive income | 16 | - | 25.077 | - | 25.077 |
| Other comprehensive income/(loss) | | - | (3.530) | - | (3.530) |
| Profit/(Loss) for the year | | - | - | (338.764) | (338.764) |
| Total comprehensive income/(loss) for the year | | - | (3.530) | (338.764) | (342.294) |
| Dividends | 32 | - | - | (76.409) | (76.409) |
| Balance at 31 December 2020 | | 1.020.081 | 279.576 | 520.475 | 1.820.132 |
| | | | | | |
| Balance at 1 January 2021 | | 1.020.081 | 279.576 | 520.475 | 1.820.132 |
| Effect of changes in accounting policy (IAS 19) | 2 | - | - | (4.175) | (4.175) |
| Restated total equity at 1 January 2021 | | 1.020.081 | 279.576 | 516.300 | 1.815.957 |
| Actuarial losses on defined benefit pension plans | 16 | - | (12.940) | - | (12.940) |
| Changes in the fair value of equity instruments | 16 | | 328 | (673) | (345) |
| Fair value gains/(losses) on cash flow hedges | 16 | - | 25.472 | - | 25.472 |
| Recycling of gains/(losses) on hedges through comprehensive income | 16 | - | (31.794) | - | (31.794) |
| Other comprehensive income/(loss) | | - | (18.934) | (673) | (19.607) |
| Profit/(Loss) for the year | | - | - | 229.681 | 229.681 |
| Total comprehensive income/(loss) for the year | | - | (18.934) | 229.008 | 210.074 |
| Dividends | 32 | - | - | (30.564) | (30.564) |
| Balance at 31 December 2021 | | 1.020.081 | 260.642 | 714.744 | 1.995.467 |

The Notes on pages 9 to 86 are an integral part of these financial statements.

# Statement of Cash flows

| | Note | For the year ended 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 33 | 98.032 | 312.109 |
| Income tax received / (paid) | | 13.145 | 33.170 |
| **Net cash generated from operating activities** | | 111.177 | 345.279 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment & intangible assets | 6,8 | (112.261) | (208.118) |
| Proceeds from disposal of property, plant and equipment & intangible assets | | 43 | 4.846 |
| Loans to affiliated companies | | (22.252) | - |
| Dividends received | | 54.809 | 161.533 |
| Interest received | 28 | 7.719 | 9.727 |
| Participation in share capital increase of subsidiaries and joint ventures | 9 | (9.465) | (12.043) |
| **Net cash used in investing activities** | | (81.408) | (44.055) |
| | | | |
| **Cash flows from financing activities** | | | |
| Interest paid | | (87.728) | (98.323) |
| Dividends paid | 32 | (30.320) | (152.647) |
| Proceeds from borrowings | | 470.647 | 1.412.971 |
| Repayments of borrowings | | (537.249) | (1.342.771) |
| Payment of lease liabilities - principal | 19 | (9.271) | (10.393) |
| Payment of lease liabilities - interest | 19 | (1.110) | (1.388) |
| **Net cash used in financing activities** | | (195.031) | (192.551) |
| | | | |
| **Net (decrease) / increase in cash and cash equivalents** | | (165.262) | 108.673 |
| | | | |
| **Cash and cash equivalents at the beginning of the year** | 13 | 992.748 | 888.564 |
| Exchange (losses)/gains on cash and cash equivalents | | 16.007 | (4.489) |
| Net (decrease) / increase in cash and cash equivalents | | (165.262) | 108.673 |
| **Cash and cash equivalents at the end of the year** | 13 | 843.493 | 992.748 |

The Notes on pages 9 to 86 are an integral part of these financial statements.

# Notes to the financial statements

## 1 General information

HELLENIC PETROLEUM Holdings S.A. (“the Company or “HELLENIC PETROLEUM”) is the parent company of HELLENIC PETROLEUM Group (the “Group”). On 3rd January 2022, a new corporate structure was completed by way of a hive-down of its refining, supply and trading of oil products and petrochemicals sector from HELLENIC PETROLEUM to a new established company (Note 37). As part of the hive-down, the parent company changed its name from “HELLENIC PETROLEUM S.A.” to “HELLENIC PETROLEUM Holdings S.A.”. The Company operates in the energy sector in Greece and its activities include refining and marketing of oil products and production and marketing of petrochemical products.

The Company is incorporated in Greece, with an indefinite corporate life and the address of its registered office is 8$^{A}$ Chimarras Str. Maroussi, 15125 Greece. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

The financial statements of HELLENIC PETROLEUM Holdings S.A. for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 24 February 2022. The shareholders of the Company have the power to amend the financial statements after their issuance.

## 2 Summary of significant accounting policies

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

### 2.1 Basis of preparation

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

The financial statements of HELLENIC PETROLEUM Holdings S.A. for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union (“EU”) and present the financial position, results of operations and cash flows on a going concern basis.

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Company’s business activities, together with factors which the Directors consider are likely to affect its development, financial performance and financial position are set out in the director’s report. The material financial and operational risks and uncertainties that may have an impact upon the Company’s

performance and their mitigation are outlined in note 3, including liquidity risk, market risk, credit risk and capital risk to these financial statements.

At 31 December 2021, the Company held cash of €843 million and has a positive operating working capital position. Its total loans and borrowings amount to €2.499 million, €1.999 million relate to committed term facilities and €500 million to uncommitted revolving facilities on demand. Of its total borrowings, an amount of €882 million of term loans and €467 million to uncommitted short-term revolving facilities fall due within the next 12 months. Details of these balances and their maturities are presented in Note 18.

Management expects that all committed borrowings maturing within the next 12 months will be refinanced with similar terms and will commence discussions in the near term with the respective lenders to extend or refinance the maturing facilities and is confident that such discussions will conclude successfully. Moreover, as part of its long-term funding strategy, Management is able to raise funds from debt capital markets through the issuance of listed bonds. Should further funding be required, the Company can draw from committed term facilities limits of €150 million without further approvals as well as from uncommitted facilities €264 million, subject to approvals from the respective financial institutions. Based on their assessment, taking into account the above and also their financial forecasts over the next 18 months, Management is satisfied that the Company has sufficient liquidity to meet its current liabilities and working capital requirements.

The future financial performance of the Company is dependent upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Company include economic growth and pace of recovery post pandemic, energy transition and associated compliance costs, which together will affect the demand for fuels and benchmark refining margins which is a key determinant of profitability as well as operating expenditure.

Covid-19 continues to heighten the inherent uncertainty in the Company's assessment of these factors. In particular, risks to economic growth persist principally from the potential impact that potential Covid-19 Variants may have on economic activity. Further risks to economic recovery may inter-alia arise from, rising inflation and monetary policies implemented by central banks impacting interest and exchange rates expectations, prolongation of global supply issues and the European energy crisis. Nevertheless, the roll out of the mass vaccination schemes launched by governments during 2021 positively affected the severity of infections in terms of hospitalizations and symptoms experienced; consequently, worldwide restrictions to mobility have been relaxed to a large extent with some governments lifting the entirety of restrictions in the early 2022. Equally, worldwide economic recovery accelerated particularly in the second half of 2021 and is forecasted to continue in 2022. The increase in economic activity positively impacted demand for fuels and benchmark margins. Conversely, the higher demand for energy, particularly in Europe, is considered a key factor for the increase in the price of natural gas, electricity and the cost of $CO_2$ emissions rights which are significant cost components in the refining process.

The Company's financial forecasts were modelled over an 18-month period, ending on 30 June 2023 and reflect the outcomes that the Directors consider most likely, based on the information available at

the date of approval of these financial statements. This includes the expectation of demand evolution and benchmark refining margins applicable to the Company. The Company's financial forecasts have been prepared with consideration to independent third-party data, which inter-alia include forecasted international commodity prices used in the calculation of benchmarks refining margins, demand evolution and operating costs. In the 18-month period assessed and considering successful refinancing of maturing debt obligations, the Company expects to generate sufficient cash from operations to meet all its operating liabilities as they fall due and planned investments. Further details on the Company's actions for financing of operations are included in Note 3.

Taking into account the above in their assessment, Management has exercised judgement and concluded that, at the time of approving the financial statements there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

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

- Financial instruments – some of which are measured at fair value (Notes 3.3 and 24);
- Defined benefit pension plans – plan assets measured at fair value (Note 21);
- Assets held for sale – measured at the lower of carrying value and fair value, less cost to sell (Note 14).

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

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

*New and amended standards adopted by the Company.*

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2021 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 2021. The Company applied, the IFRS Interpretation Committee's Agenda Decision issued on May 2021 for IAS 19 Employee benefits - Attributing Benefit to Periods of Service and disclosed below (Note 21), the nature and effect of these changes. Several other amendments and interpretations applied for the first time in 2021 but did not have a significant impact on the financial statements of the Company for the year ended 31 December 2021.

- *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform – Phase 2'.* In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods.

- *IFRS 16 (Amendment) 'Covid-19-Related Rent Concessions':* 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 June 2021.
  - There is no substantive change to other terms and conditions of the lease.

- *Attributing Benefit to Periods of Service (IAS 19 Employee Benefits) – IFRS Interpretation Committee (IFRS IC or IFRIC) Agenda Decision issued May 2021:* The International Financial Reporting Standards Interpretations Committee issued a final agenda decision in May 2021, under the title "Attributing Benefits to Periods of Service" (IAS 19), which includes explanatory material regarding the attribution of benefits in periods of service regarding a specific defined benefit plan analogous to that defined in Article 8 of Greek Law 3198/1955 regarding provision of compensation due to retirement (the "Labor Law Defined Benefit Plan"). This explanatory information differentiates the way in which the basic principles and regulations of IAS 19 have been applied in Greece in the previous years, and therefore, according to what is defined in the "IASB Due Process Handbook (par 8.6)", entities that prepare their financial statements in accordance with IFRS are required to amend their Accounting Policy accordingly. Based on the above, the aforementioned decision is implemented as a change in accounting policy. The impact of the change is disclosed in detail in Note 21.

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

The Company has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective. In addition, the Company is in the process of assessing the impact of all standards, interpretations and amendments issued but not yet effective on the financial statements.

- *IFRS 10 (Amendment) Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:* The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU

- *IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments):* The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

  - IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- *IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2, Disclosure of Accounting policies (Amendments):* The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

- *IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments):* The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. 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. In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

- *IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments):* The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

- *IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments):* The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

- *IFRS 16 'Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)':* The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

## 2.2 Investments in subsidiaries, associates and joint ventures

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

## 2.3 Segment reporting

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

## 2.4 Foreign currency translation

*(a) Functional and presentation currency*

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

*(b) Transactions and balances*

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

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

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

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

## 2.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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

## 2.6 Assets held for sale

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

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

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

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

## 2.7 Leases

### 2.7.1 Right-of-use assets

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

### 2.7.2 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease

payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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

*(a) Short-term leases and leases of low-value assets*

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

*(b) Significant judgement in determining the lease term of contracts with renewal options*

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

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

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

*(c) Subsurface rights*

The Committee concluded that the arrangement, presented in its decision, where a pipeline operator obtains the right to place a pipeline in an underground space constitutes a lease and therefore this arrangement as presented in this decision should be in scope of IFRS 16. As disclosed in Note 7, the Company operates a number of subsurface pipelines within the boundaries of various municipalities, in accordance with relevant laws, without the requirement to pay any compensation for them. As described in Note 34 of these financial statements, certain municipalities have proceeded with the

imposition of duties and fines relating to the rights of way. The Company has appealed against such amounts imposed as described in the note and believes the outcome will be favourable. The Company considers these do not fall within the scope of IFRS 16 as there is no requirement to pay compensation.

(d) Lease term

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

(e) Lessor accounting

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

- if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying paragraph 6 of the standard, the sublease shall be classified as an operating lease.
- otherwise, the sublease shall be classified by reference to the right-of- use asset arising from the head lease, rather than by reference to the underlying asset.

The Company has assessed all subleases it enters into based on the above criteria and classifies these as either operating or finance. As at 31 December 2021, all leases where the Company acts as an intermediate lessor were assessed and evaluated as operating.

## 2.8 Borrowing costs

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

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

## 2.9 Intangible assets

*(a) Licences and rights*

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

*(b) Computer software*

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

## 2.10 Exploration for and evaluation of mineral resources

*(a) Exploration and evaluation assets*

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

*(b) Development of tangible and intangible assets*

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

*(c) Oil and gas production assets*

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

*(d) Depreciation/amortisation*

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

*(e) Impairment – exploration and evaluation assets*

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property

leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

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

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

## 2.11 Impairment of non-financial assets

The Company assesses, at each reporting date, whether an indication of impairment exists. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's, or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

## 2.12 Financial assets

### 2.12.1 Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the

practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.25 "Revenue recognition".

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

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

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

*Subsequent measurement*

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

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

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

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

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

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

*(b) Financial assets at amortized cost*

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

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

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss of the statement of comprehensive income, when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

### 2.12.2 Derecognition and impairment

*Derecognition*

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

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

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

*Impairment*

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

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

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

#### 2.12.3 Offsetting of financial instruments

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

### 2.13 Derivative financial instruments and hedging activities

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

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) and

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

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

*Cash flow hedges*

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

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

*Derivatives at fair value through profit or loss*

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

### 2.14 Government grants

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

### 2.15 Inventories

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

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

### 2.16 Trade receivables

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

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

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

### 2.17 Cash and cash equivalents

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

Cash pledged as collateral is included in "Trade and other receivables".

### 2.18 Share capital

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

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

### 2.19 Borrowings

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

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

Borrowings are derecognised the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that

has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as finance cost or other operating income.

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

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

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

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

## 2.20 Current and deferred income tax

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

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

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

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

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

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

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

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

### 2.21 Employee benefits

*(a) Pension obligations*

The Company has both defined benefit and defined contribution plans.

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

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

*Defined benefit pension plans*

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

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

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

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

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

*Defined contribution plans*

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

*(b) Termination benefits*

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

*(c) Share-based compensation*

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

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

When the options are exercised, the Company may issue new shares. In that case, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The Company has no share-based compensation schemes in force for 2020 and for 2021.

*(d) Short-term paid absences*

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

## 2.22 Trade and other payables

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

## 2.23 Provisions

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

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

No provisions are recognized for possible future obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company or for present obligations, if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. For such cases the Company discloses a contingent liability.

## 2.24 Environmental liabilities

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

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

The obligation of the Company to meet its CO2 emission targets is treated as follows: European ETS register allocates emission rights to refineries annually. Allowances received or purchased are

recognised at cost. A provision is recognised for the net obligation payable for the emission quantities that exceed the pre-allocated allowances, after taking into account any purchases of emission certifications. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation, net of any certificates purchased. This will be the market price at the balance sheet date of the allowances required to cover any emissions deficit made to date.

### 2.25 Revenue recognition

*(a) Revenue from contracts with customers*

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

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

Revenue is recognised as follows:

*Sales of goods – wholesale*

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

*Provision of services*

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

*Variable consideration*

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

*Volume discounts*

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

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

*(b) Interest income*

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

*(c) Dividend income*

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

### 2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and appropriately authorised, or approved by the Company's Shareholders' General Meeting. Interim dividends proposed by the Board of Directors are recognized as liabilities upon proposal and are subject to the usual legal procedures until it becomes certain that they will be paid.

### 2.27 Financial guarantee contracts

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

### 2.28 Changes in accounting policies

The Company adopted the amendments described in paragraph 2.1.1, (the more significant of which is the application of the IFRIC Agenda Decision for IAS 19 - Note 21), for the  for the first time for the annual reporting period commencing 1 January 2021.

### 2.29 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year (Note 21).

## 3 Financial risk management

### 3.1 Financial risk factors

The Company's activities are primarily centred on Downstream Refining (incl. Petrochemicals) & Marketing of petroleum products. 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 2021, the Greek economy recovered considerably from the recession recorded in 2020, due to the pandemic and measures to mitigate its consequences on public health, however it continued facing significant challenges as a result of the coronavirus pandemic. In the short term, the main challenge relates to controlling the pandemic and returning to a steady growth path.

However, despite the aforementioned uncertainties, the real GDP growth rate in 2021 was stronger and higher than previous expectations. The normalization of mobility indicators affected significantly the economic recovery and boosted economic sentiment expectations and international trade, the significant vaccination rates in Europe weakened the pandemic dynamics and encouraged international travel and the prolonged tourist period until November, resulting in a sizeable output expansion as shown by an estimated 8,5% increase in GDP (2020: -9%).

Total domestic fuels consumption for the year increased by 1,5% compared to 2020 (total demand for motor fuels increased by 7%, partially offset by weaker heating gasoil consumption) since the gradual normalization of the economic activity and the relaxation of the mobility restrictions imposed during the previous year, led to an increase in transport fuels demand.

*Covid-19:* In 2021 although the Greek economy continued to be affected by Covid-19, it rebounded considerably from the outbreak of the pandemic in 2020, primarily driven by the increased domestic demand and the better-than-expected tourist season. The recovery has been also supported by the gradual relaxation of the strict measures imposed during the previous year and the vaccination programs which are in progress and have already prevented the more severe impact from the new virus variants. The gradual improvement of benchmark refining margins and the recovery of the Greek market demand and crude oil prices resulted in improved reported profitability for the Company.

Although economic growth is projected to continue in 2022, albeit at a slower pace, the latest Omicron variant - related challenges and possible new Covid-19 outbreaks may have a negative impact on the growth of the economy and overall business activities, particularly in the first half of the year, which cannot be estimated reliably. While a further rise in Covid-19 infections or a slow rate of vaccinations could lead to additional restrictive measures, which could negatively affect current growth projections and hinder the progress, the recently approved medicines for treating Covid-19 are expected to lessen the impact of Covid-19.

The Company immediately responded to the outbreak of the pandemic and already from March 2020, took various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders operating or visiting the Company's premises, as well as the smooth operation of its activities and uninterrupted supply of 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 with frequent revisions based on developments and instructions from the State, 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 (increase of its medical network, participation of an infectious disease specialist, psychological support line, regular publication of special newsletter).
- Conducting in total over 206.000 PCR and rapid tests on the Company's employees and associates in 2021.
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

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 its investments, in case the period of disruption becomes prolonged.

*Currency:* The Company's business is naturally hedged against a functional currency risk at a gross margin level. 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. As a result, the Company's operations are mainly exposed to the risk of fluctuating the dollar exchange rate against the euro. The strengthening of the US Dollar against the Euro has a positive effect on the

Company's financial results while in the opposite event, both the financial results and balance sheet items (inventory, investments, receivables, liabilities in US dollar) would be valued at lower levels.

*Prices*: The Company is exposed to the risk of fluctuations in prevailing market prices. Commodity price risk management is supervised by the Supply and Trading Department. 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 year ended on 31 December 2021, the Company entered into certain derivatives to hedge cash flows related to purchases and sales of crude oil and petroleum products. The Company has also entered into derivative transactions to hedge the cash flow risk arising from the fluctuation in EUA (CO2 certificates) pricing, in order to fulfill its obligation as part of the EUA scheme (Notes 17 & 24).

*Continuous crude oil supplies*: The Company procures crude oil from a number of suppliers, including national oil companies and international traders primarily in, but not limited to, the Middle East, North Africa and Black Sea region. The process of sourcing of crude oil is coordinated by the Supply and Trading department in line with production plans. The Company's three coastal refineries location provide access to a wide range of feedstock sourcing opportunities which enables the Company to economically optimise raw material mix, as well as respond to supply shortages of certain crude grades without materially affecting its operations and financial performance.

*Financing of operations:* The key priorities of the Company are the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and the liquidity risk management for its operational needs. The vast majority of the Company's borrowings are committed credit facilities with financial institutions and debt capital markets. As of 31 December 2021, approximately 80% of total debt (about 88% as at 31 December 2020) is financed by committed credit lines, while the remaining debt is being financed by short term credit facilities (bilateral lines).

*Term loans*

In October 2021 HELLENIC PETROLEUM. fully repaid the outstanding balance of a €100 million bond loan facility upon maturity, issued a new €100 million revolving bond loan facility with a tenor of 3 years as well as a new €150 million revolving bond loan facility with a tenor of 2 years.

During 2021 HELLENIC PETROLEUM fully repaid the outstanding balance of two loan agreements with the European Investment Bank amounting to €66 million (of which €44 million upon maturity and €22 million as a voluntary prepayment).

In October 2021 HELLENIC PETROLEUM. fully repaid the outstanding balance of its €201 million loan from HELLENIC PETROLEUM Finance PLC.

In December 2021, HELLENIC PETROLEUM increased the principal amount of one of its short-term bilateral facilities by €50 million to €200 million.

Additional information is disclosed in paragraph (c) Liquidity risk below and Note 18.

*Capital management*: Another key priority of the Company has been the management of its Assets. Overall the Company has approximately €3.7 billion of capital employed which is driven from investment in fixed assets, working capital and its investment in its subsidiaries, associates and joint ventures. Current assets are mainly funded with current liabilities (incl. short term bank debt) and the net operating working capital position of the Company as of 31 December 2021 was positive. 45% of total capital employed is financed through net debt excluding leases, while the remaining is financed through shareholders' equity.

*(a) Market risk*

(i) Foreign exchange risk

As explained in note 2.4, the functional currency and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- Financial position translation risk: Most of the inventory held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Company's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated trade liabilities leads to a reported foreign exchange loss with no compensating benefit as inventories continue to be included in the statement of financial position at cost. It is estimated, that at 31 December 2021 a 5% appreciation of the USD against the Euro, with all other variables held constant, pre-tax results would have been approximately €44 million lower, as a result of foreign exchange losses on translation of US dollar denominated receivables, payables, cash and borrowings.

- Gross Margin transactions and translation risk: The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result, the Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation/ depreciation of USD vs. Euro leads to a respective translation loss/ (gain) on the period results.

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

(ii) Commodity price risk

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

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and price decrease.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; a change in the refinery margin has a proportionate impact on the profitability of the refining segment and ultimately on the Company's profitability.

Where possible, the Company aims to hedge part of its exposure associated with price changes of crude oil, products and refinery margins, depending on the prevailing market conditions.

(iii) Cash flow and fair value interest rate risk

The Company's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's borrowings are at variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2021, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax gains for the year would have been €13 million lower.

*(b) Credit risk*

(i) Risk Management

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

(ii) Credit quality

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

| *Bank rating (in €million)* | 31 December 2021 | 31 December 2020 |
|---|---|---|
| A+ | 23 | 87 |
| BBB+ | 5 | 85 |
| B+ | 796 | - |
| B | - | 709 |
| B- | 19 | 74 |
| No rating | - | 38 |
| Total | 843 | 993 |

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A credit committee also monitors material credit exposures arising from trade receivables. See Note 12 for further disclosures on credit risk.

*(c) Liquidity risk*

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

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

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

| *(€ million)* | 1H22 | 2H22 | 2022 | Scheduled for repayment | Scheduled for refinancing |
|---|---|---|---|---|---|
| Contractual Term Facility Repayments | | | | | |
| Bond loan €400 million | - | 385 | 385 | - | 385 |
| Bond loan €400 million | - | 400 | 400 | - | 400 |
| Bond loan €100 million | - | 100 | 100 | - | 100 |
| Total | - | 885 | 885 | - | 885 |

In October 2021, the Company refinanced the €100 million bond loan on maturity and repaid its €201 million loan from HPF (Note 18). The €400 million bond loan maturing on December 2022 and the €400 million bond loan maturing on November 2022 with carrying amounts of €385 and €400 million respectively as of 31 December 2021, scheduled for refinancing in 2022, include a one year extension option at the discretion of the lender and such options are expected to be exercised. With respect to the Company's bilateral lines, the used balance of which as of 31 December 2021 was €500 million, 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 with committed facilities.

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

| | Note | Less than 1 year | Between 1 and 5 years | Over 5 years |
|---|---|---|---|---|
| 31 December 2021 | | | | |
| Borrowings | 18 | 1.352.044 | 1.121.694 | 33.000 |
| Lease liabilities | 19 | 9.074 | 15.075 | 3.332 |
| Derivative financial instruments | 24 | 2.214 | - | - |
| Trade and other payables | | 1.870.150 | - | - |
| | | | | |
| 31 December 2020 | | | | |
| Borrowings | 18 | 571.687 | 2.148.873 | 36.691 |
| Lease liabilities | 19 | 10.147 | 19.876 | 4.331 |
| Derivative financial instruments | 24 | 4.635 | - | - |
| Trade and other payables | | 1.396.283 | - | - |

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

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

## 3.2 Capital risk management

The Company's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern and to have in place an optimal capital structure from a cost perspective.

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

Consistent with the industry convention, the Company monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings"

as shown in the statement of financial position) less "Cash & cash equivalents" and "Investments in equity instruments". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The long-term objective of the Company is to maintain the gearing ratio between 35% and 45%, as significant fluctuations of crude oil prices may affect total debt respectively. Given the Company's new strategy and its transition to activities that are subject to reduced volatility due to the business environment as well as the significant de-escalation of financial cost, the capital structure by sector will be reviewed and is expected to affect the relevant objectives. It is noted that the Company has significantly reduced its financial cost by about 50% in the last five years.

The gearing ratios as at 31 December 2021 and 2020were as follows:

| | | As at | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| Total Borrowings | 18 | 2.498.996 | 2.559.483 |
| Less: Cash and cash equivalents | 13 | (843.493) | (992.748) |
| Less: Investment in equity instruments | 3.3 | (37) | (587) |
| **Net debt (excl. lease liabilities)** | | **1.655.466** | **1.566.148** |
| Total Equity | | 1.995.467 | 1.820.132 |
| **Total Capital Employed (excl. lease liabilities)** | | **3.650.933** | **3.386.280** |
| **Gearing ratio (excl. lease liabilities)** | | **45%** | **46%** |
| | | | |
| Lease liabilities | 19 | 24.748 | 30.563 |
| **Net debt (incl. lease liabilities)** | | **1.680.214** | **1.596.711** |
| **Total Capital Employed (incl. lease liabilities)** | | **3.675.681** | **3.416.843** |
| **Gearing ratio (incl. lease liabilities)** | | **46%** | **47%** |

## 3.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2021:

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2021:

| Year ended 31 December 2021 | Level 1 | Level 2 | Level 3 | Total balance |
|---|---|---|---|---|
| Assets | | | | |
| Derivatives at fair value through the income statement | - | 92.143 | - | 92.143 |
| Derivatives used for hedging | - | - | - | - |
| Investment in equity instruments | 37 | - | - | 37 |
| Assets Held for sale | 122.301 | - | - | 122.301 |
| | 122.338 | 92.143 | - | 214.481 |
| | | | | |
| Liabilities | | | | |
| Derivatives held for trading | - | 1.428 | - | 1.428 |
| Derivatives used for hedging | - | 786 | - | 786 |
| | - | 2.214 | - | 2.214 |

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2020:

| Year ended 31 December 2020 | Level 1 | Level 2 | Level 3 | Total balance |
|---|---|---|---|---|
| Assets | | | | |
| Derivatives held for trading | - | 2.433 | - | 2.433 |
| Derivatives used for hedging | - | 7.512 | - | 7.512 |
| Investment in equity instruments | 587 | - | - | 587 |
| | 587 | 9.945 | - | 10.532 |
| | | | | |
| Liabilities | | | | |
| Derivatives held for trading | - | 4.635 | - | 4.635 |
| | - | 4.635 | - | 4.635 |

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

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

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

Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the year. For the years ended 31 December 2021 and 31 December 2020, there were no transfers between levels.

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

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

# 4 Critical accounting estimates and judgements

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

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

## (i) Critical accounting estimates and assumptions

### *(a) Income taxes*

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

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

*(b) Recoverability of deferred tax assets*

Deferred tax assets include certain amounts which relate to carried forward tax losses. Such tax losses are available for set off for a limited period of time since they are incurred. The Company makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

*(c) Provision for environmental restoration*

The Company operates in the oil industry with its principal activities being that of refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in long-term liabilities and as part of the respective fixed asset cost in the Company's statement of financial position. Subsequently, the effect of the unwinding the discounting on the provision is charged in the finance cost and the fixed asset is depreciated in the statement of comprehensive income. In case there are changes in estimates or the final determination of such obligation amounts differ from the recognised provisions, the Company's statement of comprehensive income is impacted.

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

The Company assesses, at each reporting date, whether there is an indication that a non-current asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Among others, the impact of Covid-19 has been assessed and when appropriate, has been considered an impairment indicator. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount of a cash- generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management with consideration to independent third-party data which inter-alia include forecasted international commodity prices used in the calculation of benchmarks refining margins, demand evolution and operating costs. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. These growth rates are consistent with forecasts included in country or industry reports specific to the country and industry in which each CGU operates and where appropriate are further calibrated to the Company's long-term objectives in relation to climate related matters. Further, The Company

constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Company. The Company will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Note 6, for Property, Plant and Equipment, Note 7 for Right of use asset and Note 9 for Investments in Subsidiaries, Associates and Joint Ventures.

*(e) Fair value of financial instruments*

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

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

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

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

For the year ended 31 December 2021 and 2020, management assessed forward-looking information specific to its trade debtors and the economic environment taking into account the impact of Covid-19 and recorded additional losses in line with its policies, when needed (Note 12).

*(g) Retirement benefit obligations*

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 21.

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

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

The Company also constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the useful economic life of the Company's property, plant and equipment. The Company will adjust the useful economic life of its assets, should a change be required.

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

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

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

*(b) Provisions for legal claims*

The Company has a number of legal claims pending against it (Note 34). Management uses its judgement, as well as the available information from the legal department and external counsellors when deemed necessary, in order to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is recognised. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

*(c) Determination of lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate). Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets

without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

# 5 Segment information

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

The Company's key operating segments are:

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

Activities revolve around the operation of the Company's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m$^3$ of crude oil and petroleum products.

*b) Petrochemicals*

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

More information about the activities of the Company's key operating segments can be found in the consolidated Annual Report of the HELLENIC PETROLEUM Group.

Financial information regarding the Company's operating segments for the years ended 31 December 2021 and 2020 are presented below:

| **Year ended 31 December 2021** | **Note** | **Refining** | **Petro-chemicals** | **Other** | **Total** |
|---|---|---|---|---|---|
| Revenue from contracts with customers | | 8.046.777 | 378.757 | - | 8.425.535 |
| **EBITDA *** | | **418.830** | **128.693** | **(32.220)** | **515.303** |
| Depreciation and amortisation (PPE & Intangibles) | 6,8 | (160.885) | (4.668) | (89) | (165.642) |
| Depreciation of right-of-use assets | 7 | (6.131) | (3.147) | (16) | (9.294) |
| **Operating profit/(loss)** | | **251.814** | **120.878** | **(32.325)** | **340.367** |
| Finance (expense)/income | 28 | (54.366) | (1.840) | (28.850) | (85.056) |
| Lease finance cost | 28 | (1.066) | (44) | - | (1.110) |
| Dividend income | | - | - | 22.809 | 22.809 |
| Currency exchange gains/(losses) | 29 | 16.007 | - | - | 16.007 |
| **Profit/(Loss) before income tax** | | **212.389** | **118.994** | **(38.366)** | **293.017** |
| Income tax | 30 | | | | (63.336) |
| **Profit/(Loss) for the year** | | | | | **229.681** |

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

| **Year ended 31 December 2020** | | **Refining** | **Petro-chemicals** | **Other** | **Total** |
|---|---|---|---|---|---|
| Revenue from contracts with customers | | 4.866.618 | 248.195 | - | 5.114.813 |
| **EBITDA *** | | **(372.936)** | **55.249** | **7.020** | **(310.666)** |
| Depreciation and amortisation (PPE & Intangibles) | 6,8 | (152.175) | (3.923) | (226) | (156.324) |
| Depreciation of right-of-use assets | | (6.482) | (3.784) | (21) | (10.287) |
| **Operating profit/(loss)** | | **(531.593)** | **47.542** | **6.773** | **(477.277)** |
| Finance (expense)/income | 28 | (56.558) | (1.845) | (34.594) | (92.997) |
| Lease finance cost | 28 | (1.330) | (58) | - | (1.388) |
| Dividend income | | - | - | 51.533 | 51.533 |
| Currency exchange gains/(losses) | 29 | 4.988 | - | - | 4.988 |
| **Profit/(Loss) before income tax** | | **(584.493)** | **45.639** | **23.712** | **(515.141)** |
| Income tax | 30 | | | | 176.377 |
| **Profit for the year** | | | | | **(338.764)** |

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

Costs relating to the exploration & production of hydrocarbons were transferred to other Group entities in previous years and are included in "Other" segment for the comparative year. There were no other changes in the basis of segmentation or in the basis of measurement of segmental profit or loss, as compared to the annual financial statements for the year ended 31 December 2020.

"Other" segment includes mainly income from dividends and part of corporate costs, not directly related to the Company's principal operating segments.

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

| Year ended 31 December 2021 | Note | Refining | Petro-chemicals | Other | Total |
|---|---|---|---|---|---|
| Domestic | | 2.570.316 | 129.861 | - | 2.700.177 |
| Aviation & Bunkering | | 956.730 | - | - | 956.730 |
| Exports | | 4.519.731 | 248.896 | - | 4.768.627 |
| Revenue from contracts with customers | | 8.046.777 | 378.757 | - | 8.425.534 |

| Year ended 31 December 2020 | Refining | Petro-chemicals | Other | Total |
|---|---|---|---|---|
| Domestic | 1.587.345 | 89.796 | - | 1.677.141 |
| Aviation & Bunkering | 495.243 | - | - | 495.243 |
| Exports | 2.784.030 | 158.399 | - | 2.942.429 |
| Revenue from contracts with customers | 4.866.618 | 248.195 | - | 5.114.813 |

The segment assets and liabilities at 31 December 2021 and 2020 are as follows:

| Year ended 31 December 2021 | Refining | Petro-chemicals | Other | Total |
|---|---|---|---|---|
| Total Assets | 5.072.499 | 556.002 | 1.065.168 | **6.693.669** |
| Total Liabilities | 3.500.970 | 47.277 | 1.149.955 | **4.698.202** |

| Year ended 31 December 2020 | Refining | Petro-chemicals | Other | Total |
|---|---|---|---|---|
| Total Assets | 4.484.165 | 451.119 | 1.105.826 | **6.041.110** |
| Total Liabilities | 2.991.835 | 35.209 | 1.193.934 | **4.220.978** |

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 2020.

# 6 Property, plant and equipment

| | Land | Buildings | Plant & Machinery | Means of transport | Furniture and fixtures | Assets Under Cons-truction | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **As at 1 January 2020** | **142.850** | **546.816** | **4.105.313** | **15.699** | **94.480** | **115.448** | **5.020.606** |
| Additions | - | - | 1.812 | 105 | 2.832 | 221.110 | 225.859 |
| Capitalised projects | - | 3.328 | 197.721 | - | 87 | (201.136) | - |
| Disposals | - | - | - | - | (29) | - | (29) |
| Transfers and other movements | - | - | 1.103 | - | - | (3.457) | (2.354) |
| **As at 31 December 2020** | **142.850** | **550.144** | **4.305.949** | **15.804** | **97.370** | **131.965** | **5.244.082** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2020** | **-** | **247.468** | **1.983.400** | **11.615** | **83.074** | **1.255** | **2.326.812** |
| Charge for the year | - | 14.759 | 132.540 | 417 | 2.736 | - | 150.452 |
| Disposals | - | - | - | - | (28) | - | (28) |
| Impairment | - | - | - | - | - | 211 | 211 |
| **As at 31 December 2020** | **-** | **262.227** | **2.115.940** | **12.032** | **85.782** | **1.466** | **2.477.447** |
| | | | | | | | |
| **Net Book Value at 31 December 2020** | **142.850** | **287.917** | **2.190.009** | **3.772** | **11.588** | **130.499** | **2.766.635** |
| | | | | | | | |
| **Cost** | | | | | | | |
| **As at 1 January 2021** | **142.850** | **550.144** | **4.305.949** | **15.804** | **97.370** | **131.965** | **5.244.082** |
| Additions | - | 131 | 1.048 | 88 | 2.302 | 107.656 | 111.227 |
| Capitalised projects | - | 5.621 | 51.276 | - | 191 | (57.088) | - |
| Disposals | - | - | (2.658) | (691) | (33.055) | (3.942) | (40.345) |
| Transfers and other movements | (221) | 221 | 3.807 | - | - | (6.987) | (3.181) |
| **As at 31 December 2021** | **142.629** | **556.118** | **4.359.422** | **15.202** | **66.808** | **171.603** | **5.311.782** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2021** | **-** | **262.227** | **2.115.940** | **12.032** | **85.782** | **1.466** | **2.477.447** |
| Charge for the year | - | 14.949 | 141.742 | 423 | 2.951 | - | 160.066 |
| Disposals | - | - | (2.658) | (691) | (29.902) | - | (33.250) |
| **As at 31 December 2021** | **-** | **277.176** | **2.255.024** | **11.764** | **58.832** | **1.466** | **2.604.263** |
| | | | | | | | |
| **Net Book Value at 31 December 2021** | **142.629** | **278.942** | **2.104.398** | **3.437** | **7.977** | **170.137** | **2.707.520** |

(1) The Company has not pledged any property, plant and equipment as security for borrowings.

(2) Additions are mainly comprised of capital expenditure in the refining segment that relate to projects of long-term maintenance and upgrades of the refining units. These amounts are mainly included in assets under construction and are reclassified into the relevant asset class when the projects are completed.

(3) ‘Disposals’ primarily relate to property, plant and equipment assets contributed to HELLENIC PETROLEUM Digital (HELPE Digital). In the context of the implementation of its strategic planning, the Company transferred to its newly incorporated 100% subsidiary, "HELLENIC PETROLEUM Digital", assets that, under the previous organisational structure, served the functions of the Information Technology department, in order to strengthen the subsidiary in the provision of digital services to the companies of the HELLENIC PETROLEUM Group and to third parties. The net book value of the property, plant and equipment assets contributed to HELPE Digital during 2021 was €7 million.

(4) During 2021 an amount of €3,7 million (2020: €3,1 million) in respect of interest has been capitalised within Assets under construction relating to the refining segment, at an average borrowing rate of 3,23% (2020: 3,53%).

(5) Gains or losses from disposals are included within "Other income/(expenses) and other gains/(losses) (Note 28).

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

(7) The Company constantly monitors the developments in the sector with respect to energy transition as well as the latest legislation in relation to climate related matters. The significant accounting estimates made by management incorporate the future effects of the Company's own strategic decisions and commitments on having its portfolio adhered to the energy transition targets, short and long-term impacts of climate-related matters and energy transition to lower carbon energy sources together with management's best estimate on global supply and demand, including forecasted commodities prices. At the current time, no legislation has been passed that will impact the Company. The Company will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required. Management considers the existence of indicators for impairment and performs an assessment for significant CGUs (Notes 2.1, 4).

Volatility in refining margins caused by Covid-19 pandemic and the ensuing influence in demand for oil products, as well as the impact on cost base primarily due to CO2 and electricity cost, were considered by management as indicators of potential impairment. Management proceeded with an impairment test for the fixed assets of the Company's main segments of Refining and Petrochemicals, which have been considered as one CGU for the purposes of IAS 36 impairment testing, based on the synergies and interdependence between them. The method used is the Value in Use which can be shortly defined as future cash inflows and outflows from continuing use of the asset, which are then discounted to reflect time value for money and risk. CGU's carrying value of total fixed assets as at 31 December 2021 is 2,7 billion and represent 99,96% of the total Company's carrying value of property, plant and equipment and intangible assets. The Company's approved business plan over the next 5 years was used as starting point with extrapolation over the useful life of the main refinery assets. The impairment test was carried out using the following main assumptions as of 31 December 2021:

*Discount rate:* Discount rates are based on an appropriate weighted average cost of capital ("WACC"), calculated using the Capital Asset Pricing Model. The WACC calculation considers not only the Company's WACC, but also the cost of equity and the cost of debt of entities with a portfolio of assets, of similar tenure, and comparable debt to equity ratios, with appropriate adjustments made to determine the pre-tax discount rate. Risks specific to the assets or CGUs under review are reflected in the WACC only where they are not reflected in the cash flows. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Post-tax WACC used is calculated at 4,91% (31 December 2020 4,44%).

*Benchmark margins* used are in line with Company's business plan and range from $/bbl 3,9 to $/bbl 4,3 within the 5-year period (31 December 2020: $/bbl 1,7 to $/bbl 3,9). Benchmark Forecast margins are based on management's estimates and available market data over a

period of two to three years, for which there is a liquid market, thereafter remaining in levels observed over a five year period prior to Covid-19 and having considered the expected peak of oil products demand by the end of this decade.

Long-term maintenance capital expenses are in line with historical capex of the last 5 years, required for the standard operation of the fixed assets and was calculated at €107 million annually, over the useful life of the CGU.

Based on this impairment test, the Company concluded that the carrying amount of the CGU is recoverable and consequently no impairment charge was recorded.

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

| Key assumption tested | Change in assumption | Impact on value-in-use |
|---|---|---|
| WACC | + 1,0% | (9,33%) |
| Long-term maintenance capital expenses | + 5,0% | (1,53%) |
| Benchmark margins yrs 1-5 | -$0,50 | (14,47%) |

Based on this impairment test, the Group concluded that the carrying amount of the CGU is recoverable and consequently no impairment charge was recorded.

(8) Depreciation of property, plant and equipment of €160,1 million (2020: €150,4 million), depreciation of right-of-use assets of €9,3 million (2020: €10,3 million) and amortisation expense of €5,6 million (2020: €5,9 million) are allocated in the following lines of the statement of comprehensive income:

- Cost of Sales €152,3 million (2020: €147,3 million),
- Selling and distribution expenses €9,7 million (2020: €8,8 million),
- Administration expenses €12,9 million (2020: €10,5 million).

# 7 Right-of-use assets

| | Commercial Properties | Plant & Machinery | Motor vehicles | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 January 2020** | **23.363** | **8.869** | **6.645** | **38.877** |
| Additions | - | 6.696 | 4.789 | 11.485 |
| Impairment / Write off | - | (1.770) | - | (1.770) |
| Modification | 18 | (23) | (94) | (99) |
| **As at 31 December 2020** | **23.381** | **13.772** | **11.340** | **48.493** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| **As at 1 January 2020** | **4.644** | **1.134** | **1.015** | **6.793** |
| Charge for the period | 3.355 | 2.531 | 4.401 | 10.287 |
| Impairment / Write off | - | (744) | - | (744) |
| **As at 31 December 2020** | **7.999** | **2.921** | **5.416** | **16.336** |
| | | | | |
| **Net Book Value at 31 December 2020** | **15.382** | **10.851** | **5.924** | **32.157** |
| | | | | |
| **Cost** | | | | |
| **As at 1 January 2021** | **23.381** | **13.772** | **11.340** | **48.493** |
| Additions | - | - | 3.955 | 3.955 |
| Modification | 35 | 1 | (307) | (272) |
| **As at 31 December 2021** | **23.416** | **13.773** | **14.988** | **52.176** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| **As at 1 January 2021** | **7.999** | **2.921** | **5.416** | **16.336** |
| Charge for the period | 3.247 | 1.997 | 4.050 | 9.294 |
| **As at 31 December 2021** | **11.246** | **4.918** | **9.466** | **25.630** |
| | | | | |
| **Net Book Value at 31 December 2021** | **12.170** | **8.855** | **5.522** | **26.547** |

The Company leases a variety of assets in the course of its activities, such as office space, tanks and catalysts, as well as vehicles.

Part of the Company's operations require the use of coastal zones. The Company has entered into an agreement with the State for the use of coastal zones in certain areas. There are, however other areas, where the Company uses coastal zones and for which no agreement exists. The State may periodically issue a notice for compensation for the use of the coastal zones for these areas. Upon adoption of IFRS 16, the Company concluded that the use of coastal zones could meet the criteria of an identified asset under IFRS 16, where an agreement exists. Where the terms of use by the Greek state, are determinable from the agreement, the Company recognizes a right of use asset within commercial properties and a lease liability representing its obligation to make payments. For instances, where the Company uses coastal zones without an agreement, the Company considers that the arrangement does not constitute a lease and provides for compensation for the use of the coast based on the most recently received notice. For the year ended 31 December 2021, this is estimated at €670 thousand (2020: €670 thousand) and is included in current liabilities.

Furthermore, the Company operates a number of underground pipelines within the boundaries of various municipalities, in accordance with relevant laws. As described in Note 34, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The Company has

appealed against such amounts imposed as described in the note and does not consider that any of these fall within the scope of IFRS 16.

# 8 Intangible assets

| | Computer software | Licences & Rights | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at 1 January 2020** | **105.334** | **25.536** | **130.870** |
| Additions | 2.688 | 444 | 3.132 |
| Disposals | - | (1.681) | (1.681) |
| Transfers & other movements | 3.457 | - | 3.457 |
| **As at 31 December 2020** | **111.479** | **24.299** | **135.778** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2020** | **97.602** | **24.564** | **122.166** |
| Charge for the year | 5.786 | 86 | 5.872 |
| Disposals | - | (354) | (354) |
| **As at 31 December 2020** | **103.388** | **24.296** | **127.684** |
| | | | |
| **Net Book Value 31 December 2020** | **8.091** | **3** | **8.094** |
| | | | |
| **Cost** | | | |
| **As at 1 January 2021** | **111.479** | **24.299** | **135.778** |
| Additions | 1.034 | - | 1.034 |
| Disposals | (74.987) | - | (74.987) |
| Transfers & other movements | 6.987 | - | 6.987 |
| **As at 31 December 2021** | **44.514** | **24.299** | **68.813** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2021** | **103.388** | **24.296** | **127.684** |
| Charge for the year | 5.576 | 1 | 5.577 |
| Disposals | (65.558) | - | (65.558) |
| **As at 31 December 2021** | **43.406** | **24.297** | **67.702** |
| | | | |
| **Net Book Value 31 December 2021** | **1.109** | **2** | **1.111** |

(1) ‘Licenses and rights’ include net exploration license costs, relating to the new exploration & production of hydrocarbons’ concessions in Greece. During April 2020 they were transferred to other group entities.

(2) ‘Transfers and other movements’ in computer software mainly relate to completed IT software projects capitalised during the year and thus transferred from assets under construction. These projects are monitored within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use (Note 6).

(3) ‘Disposals’ primarily relate to intangible assets contributed to HELLENIC PETROLEUM Digital (HELPE Digital). In the context of the implementation of its strategic planning, the Company transferred to its newly incorporated 100% subsidiary, "HELLENIC PETROLEUM Digital", assets that, under the previous organisational structure, served the functions of the Information Technology department, in order to strengthen the subsidiary in the provision of digital services to the companies of the HELLENIC PETROLEUM Group and to third parties. The net book value of the intangible assets contributed to HELPE Digital during 2021 was €9,4 million.

# 9 Investment in subsidiaries, associates and joint ventures

| | | As at | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| **Beginning of the year** | | **1.064.566** | **1.045.138** |
| Increase / (Decrease) in share capital of subsidiaries and JV | | 22.656 | 13.542 |
| (Impairment) of investments / Reversal of impairment | 27 | (31.325) | 5.886 |
| Transfers from investments to "Assets held for sale" | 14 | (122.301) | - |
| **End of the year** | | **933.596** | **1.064.566** |

A list of the Company's direct investments is as follows:

| Name | Participating interest | Country of Incorporation | Classification |
|---|---|---|---|
| ASPROFOS S.A. | 100,0% | Greece | Subsidiary |
| DIAXON S.A. | 100,0% | Greece | Subsidiary |
| HELLENIC FUELS AND LUBRICANTS S.A. (HFL) | 100,0% | Greece | Subsidiary |
| ELPET BALKANIKI S.A. | 100,0% | Greece | Subsidiary |
| HELPE DIGITAL S.A. | 100,0% | Greece | Subsidiary |
| HELLENIC PETROLEUM INTERNATIONAL AG (HPI) | 100,0% | Austria | Subsidiary |
| HELPE APOLLON MARITIME Co | 100,0% | Greece | Subsidiary |
| HELPE POSEIDON MARITIME Co | 0,0% | Greece | Subsidiary |
| HELLENIC PETROLEUM FINANCE PLC | 100,0% | United Kingdom | Subsidiary |
| HELPE RENEWABLE ENERGY SOURCES S.A. | 100,0% | Greece | Subsidiary |
| HELPE E&P HOLDING S.A. | 100,0% | Greece | Subsidiary |
| HELPE FUTURE S.A. | 100,0% | Greece | Subsidiary |
| GLOBAL ALBANIA S.A. | 99,9% | Albania | Subsidiary |
| DEPA COMMERCIAL S.A. (ex DEPA S.A.) | 35,0% | Greece | Associate |
| DEPA INFRASTRUCTURE S.A. | 35,0% | Greece | Associate |
| DEPA INTERNATIONAL PROJECTS S.A. | 35,0% | Greece | Associate |
| ATHENS AIRPORT FUEL PIPELINE COMPANY S.A. | 50,0% | Greece | Associate |
| HELPE THRAKI S.A. (Liquidated in April 2020) | 25,0% | Greece | Associate |
| ELPEDISON B.V. | 5,0% | Netherlands | Joint Venture |

a) In November 2021, HELLENIC PETROLEUM established HELPE Digital S.A. (100% subsidiary). The total share capital of the new company amounts to €21,3 million. As at 31 December 2021, the Company has contributed an amount of €16,4 million in kind (assets) and €1 million in cash. The outstanding amount payable as at 31 December 2021 was €3,9 million (Notes 6, 8).

b) On 12 November 2021 HELPE Poseidon Maritime Co was dissolved and the carrying value of the investment, amounting to € 1,3 million, was transferred to the results.

c) Impairment of investments relates to ASPROFOS S.A., HELPE E&P Holdings S.A. and ELPEDISON B.V.

- *Asprofos*

As at 31 December 2021 Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by Asprofos S.A. The company's continuing losses and the anticipated future developments in the engineering market in which the company operates, were considered as indicators of impairment. The valuation analysis considered Asprofos S.A. as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU.

Based on this impairment test, the Company recognised an additional impairment provision of €1,5 million in the carrying value of the investment in Asprofos S.A. in the statement of financial position as at 31 December 2021 and a respective impairment loss in the statement of comprehensive income, which was included in other income and expenses (Note 27).

- *HELPE E&P Holdings S.A.*

HELPE E&P Holdings S.A intends not to proceed with further exploration activities in certain onshore areas and to return the respective hydrocarbon exploration and production rights to the Hellenic Republic. The Company has obtained legal opinion that confirms that the return of these certain licenses is in line with the contractual terms and no obligations arise. Consequently, the Company recognized an impairment provision of €27 million for its investment in this subsidiary through the statement of total comprehensive income which was included in other income and expenses (Note 27.)

- *ELPEDISON B.V.*

The Company owns a 5% shareholding in Elpedison B.V., a joint venture entity of the Group, in which HPI also participates (45%) and EDISON SpA (50%).

As at 31 December 2021 Elpedison B.V. management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the company. Changes in the regulatory environment were considered as a probable indicator of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method. The discount rate applied was 4,8% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company. The long-term growth rate applied on terminal value was estimated at 1,5%. Based on this impairment, the recoverable amount determined was lower than the carrying amount. Therefore, the Company recognised an impairment provision of €5,7 million in the carrying value of the investment in ELPEDISON B.V. in the statement of financial position as at 31 December 2021 and a respective impairment loss in the Statement of total Comprehensive Income / (Loss) and specifically in "Other operating expense and other losses" (Note 27).

d) Impairment testing at Hellenic Fuels S.A.

As at 31 December 2021 Hellenic Fuels S.A. ("HFL") management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the entity. The impact of Covid19 and anticipated future developments in the market in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered HFL S.A. as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value (Fair Value) of the CGU through the application of the Discounted Cash Flow Valuation Method, starting from the entity's approved 5-year business

plan. The discount rate applied was 4,12% (31 December 2020: 5%) and was estimated as the post-tax WACC of the company. Based on this impairment test, the Group concluded that the carrying amount of the net assets of its marketing activities in Greece is recoverable and consequently no impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility. Relevant changes in the assumptions used e.g. EBITDA generation and discount rates, could have an impact on the recoverable value of the assets. It is estimated that, if the EBITDA generation was lower by 10% for the period of detailed forecasts (2022-2026) the recoverable amount would have been lower by 9%. In addition, if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the recoverable amount would have been lower by 15%. In both sensitivity analysis' scenarios, representing reasonably possible changes in assumptions, the carrying amount of the investment in HFL S.A. is recoverable

e) Further increases / (decreases) in the share capital of investments mainly relate to HELPE E&P Holding S.A. and HELPE Digital S.A.

f) DEPA Commercial and DEPA Infrastructure groups

In January 2020, the HRADF launched an international public tender process for the sale of its 65% in the share capital of DEPA Commercial S.A. HELLENIC PETROLEUM, in a joint venture with EDISON S.p.A., is among the interested parties. 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). The Fund and HELPE have entered into a Memorandum of Understanding (MoU) in the event that HELPE is not selected as preferred bidder, the granting by HELPE to the preferred bidder of a call option and the granting by the preferred bidder to HELLENIC PETROLEUM of a put option respectively, regarding HELLENIC PETROLEUM's shareholding in DEPA Commercial, which will enable HELLENIC PETROLEUM exit from a minority participation. The privatisation procedure was suspended during the second quarter of 2021. As such, DEPA Commercial continues to be accounted for and included in these financial statements as an investment in associates.

DEPA Commercial group operates in the wholesale, trading, transmission, distribution and supply of natural gas.

DEPA Commercial group fully consolidates its 100% shareholding in EPA Attica S.A. (gas Supply Company for the Attica region.

On 11 May 2020, DEPA Commercial S.A. established DEPA International Projects S.A. a 100% subsidiary in order to transfer and then demerge the international business sector through its 50% shareholding in IGI Poseidon S.A. (Joint Venture between DEPA Commercial S.A. and Edison S.p.A.), which is engaged in the development of gas infrastructure projects in South East Europe.

On 12 November 2020, DEPA Commercial S.A. concluded the partial demerger of its international sector. The official legal procedure of transfer of 35% of shares of DEPA International Projects S.A. to the Company was completed on 29 January 2021 when the Company commenced accounting for the new associate "DEPA International group".

The table below shows the Company's carrying value of its investment in DEPA Commercial S.A. as at 31 January 2021 and the subsequent allocation between the two new groups.

| | DEPA Commerial SA | DEPA International Projects SA |
|---|---|---|
| Investment as at 31 January 2021 | 168.630 | - |
| Investment as at 1 February 2021, after the demerger | 143.463 | 25.167 |

The cost of investment in the financial statements of the Company is €122 million.

Following the signing of the sale and purchase agreement for the shares of DEPA Infrastructure, the investment is classified in assets held for sale (Note 14).

In 2021 the Company received cash dividends of €4,2 million and €2,3 million from DEPA Infrastructure and DEPA Commercial respectively (2020: €8 million).

g) The Company participates, directly or indirectly through its subsidiaries, in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Energean International E&P S.p.A. (Greece, Patraikos Gulf).
- Energean Hellas LTD, Energean International E&P SpA (Greece, Block 2, West of Corfu Island).
- Total Energies E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block West Crete).
- Total Energies E&P Greece B.V., Exxon Mobil Exploration and Production Greece (Crete) B.V. (Greece, Block South West Crete).
- Repsol Greece Ionian, S.L. SUC (Greece, Block Ionian).
- Calfrac Well Services Ltd, HELPE Sea of Thrace S.A., a Group company – Greece, Sea of Thrace concession

The jointly controlled operations are still on a research phase and do not contribute to revenues.

# 10 Loans, advances & long term assets

| | As at 31 December 2021 | 31 December 2020 |
|---|---|---|
| Loans and advances | 139.529 | 40.777 |
| Other long term assets | 3.643 | 2.179 |
| **Total** | **143.172** | **42.956** |

Loans and advances as at 31 December 2021 include long-term bond loans extended to subsidiaries of the HELPE Group, amounting to €101,5 million (2020: €4,3 million) (Note 36)

They also include trade receivables due in more than one year as a result of settlement arrangements. These are discounted at an average rate of 4,22% as at 31 December 2021 (2020: 4,39%) over their respective duration. The increase relates to new long-term arrangements contracted in 2021.

# 11 Inventories

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Crude oil | 546.746 | 84.514 |
| Refined products and semi-finished products | 592.800 | 437.025 |
| Petrochemicals | 35.221 | 17.412 |
| Consumable materials and spare parts | 98.973 | 92.688 |
| - Less: Provision for consumables and spare parts | (32.966) | (32.026) |
| **Total** | **1.240.774** | **599.613** |

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 Holdings S.A., which import and sell in the domestic market who have the obligation to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

The cost of inventories recognised as an expense and included in "Cost of sales" for 2021 amounted to €7,3 billion (2020: €5,2 billion). The Company has reported a loss of €0,6 million as at 31 December 2021 arising from inventory valuation which is reflected in a write-down of the year-end values (2020: €6,1 million). This was recognised as an expense in the year ended 31 December 2021 and included in 'Cost of Sales' in the statement of total comprehensive income. Overall for 2021, management has estimated that the impact on the results of the Company from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €302 million (2020: negative impact of €514 million).

In addition, as at 31 December 2021, an amount of €3,8 million (2020: €1,1 million) relating to spare parts for the refinery units, has been transferred from inventories to plant and machinery (Note 6).

# 12 Trade and other receivables

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Trade receivables | 441.834 | 279.982 |
| - Less: Provision for impairment of receivables | (100.850) | (100.590) |
| **Trade receivables net** | **340.984** | **179.392** |
| | | |
| Other receivables | 220.938 | 308.871 |
| - Less: Provision for impairment of receivables | (6.691) | (14.171) |
| **Other receivables net** | **214.247** | **294.700** |
| | | |
| Prepaid expenses and accrued income | 13.846 | 15.887 |
| | | |
| **Total** | **569.077** | **489.979** |

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. Further details regarding factoring with recourse are included in Note 18.

'Other receivables' generally include balances in respect of advances to suppliers, advances to personnel, VAT, withholding taxes and taxes paid, other than amounts related to income tax, as a result of tax audit assessments during previous years from the tax authorities, where the Company has commenced legal proceedings and disputed the relevant amounts (see Note 30).

More specifically, other receivables as at 31 December 2021 include, among others, the following:

(a) €54m of VAT approved refunds (31 December 2020: €54 million), which had been withheld in previous years 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 (Note 34).
(b) €8 million dividends receivable from HPI, a Group company (2020: €40 million)
(c) An outstanding balance of €25 million (2020: €100 million) regarding a bond loan to EKO ABEE, a Group company (Note 36).
(d) Restricted cash amounting to €9 million (31 December 2020: €18 million).

The table below analyses total trade receivables:

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Not past due | 258.750 | 119.110 |
| Past due | 183.084 | 160.872 |
| **Total trade receivables** | **441.834** | **279.982** |

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Up to 30 days | 72.059 | 29.395 |
| 30 - 90 days | 1.173 | 22.305 |
| Over 90 days | 109.852 | 109.172 |
| **Total past due trade receivables** | **183.084** | **160.872** |

Regarding trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. Collaterals held by the Company include primarily first or second class pre-notices over properties of the debtor, personal and bank guarantees.

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

| | Not past due | Days past due | | | |
|---|---|---|---|---|---|
| | | < 30 days | 31-90 days | > 90 days | Total |
| 31 December 2021 | | | | | |
| Expected credit loss rate | 0,05% | 0,09% | 2,10% | 91,60% | 22,83% |
| Total gross carrying amount | 258.750 | 72.059 | 1.173 | 109.852 | 441.834 |
| Expected credit loss | (139) | (64) | (25) | (100.622) | (100.850) |
| | | | | | |
| 31 December 2020 | | | | | |
| Expected credit loss rate | 0,01% | 0,01% | 0,16% | 92,10% | 35,93% |
| Total gross carrying amount | 119.110 | 29.395 | 22.305 | 109.172 | 279.982 |
| Expected credit loss | (7) | (3) | (35) | (100.546) | (100.590) |

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Balance at 1 January 2020 | 100.590 | 100.543 |
| Charged/(credited) to the statement of comprehensive income: | | |
| - Additional provisions | 65 | 1.092 |
| - Receivables written off during the year as uncollectible | 194 | (1.040) |
| - Unused amounts reversed | - | (5) |
| Balance at 31 December 2021 | 100.850 | 100.590 |

The movement in the provision for impairment has been included in the selling and distribution costs in the statement of comprehensive income.

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Balance at 1 January 2020 | 14.171 | 14.438 |
| Charged/(credited) to the statement of comprehensive income: | | |
| - Additional provisions | 30 | 17 |
| - Receivables written off during the year as uncollectible | (7.263) | (243) |
| - Unused amounts reversed | (247) | (41) |
| Balance at 31 December 2021 | 6.691 | 14.171 |

# 13 Cash and cash equivalents

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Cash at bank and in hand | 843.493 | 943.562 |
| Short term bank deposits | - | 49.186 |
| Total cash and cash equivalents | 843.493 | 992.748 |

The balance of US Dollars included in Cash at bank as at 31 December 2021 was US$354 million (Euro equivalent €313 million). The respective amount for the year ended 31 December 2020 was US$704 million (Euro equivalent €573 million).

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Euro | 0,01% | 0,06% |
| USD | 0,01% | 0,01% |

# 14 Assets held for sale

On 10 December 2021, Hellenic Petroleum S.A. and Hellenic Republic Asset Development Fund S.A. (HRADF) signed the sale and purchase agreement for the shares of DEPA Infrastructure, a Company's associate, to Italgas SpA, for a total price of €733 million, with the 35% share of HELLENIC PETROLEUM participation corresponding to €256 million. The transaction is expected to be completed within the first half of 2022, following the approval by the local regulatory authorities.

From the date of classification as held for sale, the investment is held at the lower of carrying value and fair value less cost to sell.

Accordingly, as at 31 December 2021, DEPA Infrastructure investment is classified as an asset held for sale at its carrying value (€122 million), which is lower than the fair value, being the consideration of the buyer mentioned above, less cost to sell.

# 15 Share capital

| | Number of Shares (authorised and issued) | Share Capital | Share premium | Total |
|---|---|---|---|---|
| As at 1 January & 31 December 2020 | 305.635.185 | 666.285 | 353.796 | 1.020.081 |
| As at 31 December 2021 | 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 2020: €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 2020 | | 160.656 | 86.495 | 71.255 | 2.640 | (37.900) | (40) | 283.106 |
| Cash flow hedges: | | | | | | | | |
| - Fair value gains/(losses) on cash flow hedges | 24 | - | - | - | (22.008) | - | - | (22.008) |
| - Recycling of (gains)/losses on hedges through comprehensive income | 24 | - | - | - | 25.077 | - | - | 25.077 |
| Actuarial losses on defined benefit pension plans | 21 | - | - | - | - | (6.311) | - | (6.311) |
| Changes in the fair value of equity instruments | 13 | - | - | - | - | - | (288) | (288) |
| Balance at 31 December 2020 | | 160.656 | 86.495 | 71.255 | 5.709 | (44.211) | (328) | 279.576 |
| Balance at 1 January 2021 | | 160.656 | 86.495 | 71.255 | 5.709 | (44.211) | (328) | 279.576 |
| Cash flow hedges: | | | | | | | | |
| - Fair value gains/(losses) on cash flow hedges | 24 | - | - | - | 25.472 | - | - | 25.472 |
| - Recycling of (gains)/losses on hedges through comprehensive income | 24 | - | - | - | (31.794) | - | - | (31.794) |
| Actuarial losses on defined benefit pension plans | 21 | - | - | - | - | (12.940) | - | (12.940) |
| Changes in the fair value of equity instruments | 13 | - | - | - | - | - | 328 | 328 |
| Balance at 31 December 2021 | | 160.656 | 86.495 | 71.255 | (613) | (57.151) | - | 260.642 |

*Statutory reserve*

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

*Special reserves*

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

*Tax-free and incentive law reserves*

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

*Hedging reserve*

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in Note 24. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

*Other reserves*

These include:

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.

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

## 17 Trade and other payables

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Trade payables | 1.562.331 | 1.223.902 |
| Accrued Expenses | 290.526 | 157.673 |
| Other payables | 48.482 | 45.492 |
| **Total** | **1.901.339** | **1.427.067** |

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

Trade payables, as at 31 December 2021 and 31 December 2020, 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. Following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place since 8 May 2018.

Accrued expenses as of 31 December 2021, include an amount of €227 million relating to the estimated cost of the $CO_2$ emission rights, necessary to meet the Company's deficit as of 31 December 2021, following also the monetization of $CO_2$ certificates disposed by the Company in July 2021. The estimated cost of the $CO_2$ emission rights as of 31 December 2020 was €104 million.

Accrued expenses also 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.

# 18 Interest bearing loans and borrowings

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Non-current interest bearing loans and borrowings | | |
| Bank borrowings | - | 22.222 |
| Intercompany borrowings | 255.098 | 546.500 |
| Bond loans | 894.598 | 1.496.086 |
| Total non-current interest bearing loans and borrowings | 1.149.696 | 2.064.808 |
| | | |
| Current interest bearing loans and borrowings | | |
| Short term bank borrowings | 467.042 | 376.231 |
| Bond loans | 882.258 | - |
| Intercompany borrowings | - | 74.000 |
| Current portion of long-term bank borrowings | - | 44.444 |
| Total current interest bearing loans and borrowings | 1.349.300 | 494.675 |
| | | |
| Total interest bearing loans and borrowings | 2.498.996 | 2.559.483 |

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Between 1 and 2 years | 794.877 | 845.848 |
| Between 2 and 5 years | 321.819 | 1.185.961 |
| Over 5 years | 33.000 | 33.000 |
| Total non-current interest bearing loans and borrowings | 1.149.696 | 2.064.808 |

The respective amounts of contractual (undiscounted) cash flows, which include capital and interest are disclosed in Note 3.1.

The weighted average effective interest rates are as follows:

| Bank Borrowings | Currency | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| - Floating Euribor + margin | Euro | 2,46% | 2,71% |
| - Floating Libor + margin | USD | 2,40% | 2,40% |
| | | | |
| Long-term | | | |
| - Floating Euribor + margin | Euro | 2,92% | 2,76% |
| - Floating Libor + margin | USD | - | - |

The carrying amounts of borrowings are denominated in Euro and US Dollars:

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Euro | 2.489.212 | 2.547.551 |
| US dollar | 9.786 | 11.932 |
| Total interest bearing loans and borrowings | 2.498.996 | 2.559.483 |

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 to act as the central treasury vehicle of the HELLENIC PETROLEUM Group.

Borrowings by maturity as at 31 December 2021 and 31 December 2020 are summarised in the table below (amounts in € million):

| | | As at | |
|---|---|---|---|
| | Maturity | 31 December 2021 (€ million) | 31 December 2020 (€ million) |
| Bond loan €400 million | Dec 2022 | 384 | 384 |
| Bond loan €400 million | Nov 2022 | 399 | 340 |
| Bond loan €300 million | Dec 2023 | 398 | 277 |
| Bond loan €100 million | Oct 2021 | - | 100 |
| Bond loan €100 million | Sep 2022 | 100 | 99 |
| Bond loan €100 million | Oct 2024 | 100 | - |
| Bond loan €400 million | Jun 2023 | 397 | 395 |
| European Investment Bank ("EIB") Term loan | Jun 2022 | - | 67 |
| HPF Loan, October 2016 | Oct 2021 | - | 74 |
| HPF Loan, October 2019 | Oct 2024 | 222 | 514 |
| Bilateral lines | Various | 500 | 309 |
| **Total** | | **2.499** | **2.559** |

Refer to 'Liquidity Risk Management' (Note 3.1) for an analysis of the Company's refinancing plans regarding the facilities falling due in 2021.

No loans were in default as at 31 December 2021 (none as at 31 December 2020).

Significant movement in borrowings for the year ended 31 December 2021 are as follows:

*Bond loan €400 million maturing in December 2023*

In January 2015, HELLENIC PETROLEUM issued a €200 million revolving bond loan facility with a tenor of 3 years. The facility was refinanced in February 2018 for an increased amount of €300 million and a tenor of 3 years. The facility was refinanced prior to its maturity date in December 2020 for an increased principal amount of €400 million and a tenor of 3 years, in accordance with the Company's liquidity risk management strategy to convert part of its short-term uncommitted credit facilities to committed medium term facilities. The outstanding amount of the loan as at 31 December 2021 was €400 million.

*Bond loan €400 million maturing in November 2022*

In November 2020, HELLENIC PETROLEUM issued a €400 million revolving bond loan facility with a tenor of 2 years and a 1-year extension option. The facility was used to finance the voluntary early prepayment of the $250 million Bond Loan facility maturing in June 2021 and to refinance part of short-term uncommitted credit facilities by medium term committed facilities, in line with the Company's liquidity risk management strategy. The outstanding amount of the loan as at 31 December 2021 was €400 million.

*Bond Loan €100 million matured in October 2021*

In April 2020, in line with the Company's liquidity risk management strategy to increase the amount of its committed medium-term credit term facilities in view of the Covid-19 crisis, HELLENIC PETROLEUM issued a new €100 million bond loan facility, with a tenor of 18 months. In October 2021 HELLENIC PETROLEUM fully repaid the outstanding balance of €100 million upon maturity.

*Bond Loan €100 million maturing in October 2024*

In October 2021 HELLENIC PETROLEUM issued a new €100 million revolving bond loan facility with a tenor of 3 years. The outstanding balance as at 31 December 2021 was €100 million.

*Bond Loan €150 million maturing in October 2023*

In October 2021 HELLENIC PETROLEUM issued a new €150 million revolving bond loan facility with a tenor of 2 years. The Company did not proceed to drawdown as at 31 December 2021.

*EIB Term loans maturing in June 2022*

In May 2010, HELLENIC PETROLEUM signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment program related to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years and a 3-year grace period as well as similar terms and conditions. Facility B was credit enhanced by a commercial bank guarantee until February 2018 (this is normal lending practice for EIB particularly during the construction phase of large projects). Total repayments on both loans up to 31 December 2021 amounted to €333 million (€44 million paid during 2020). In 2021 HELLENIC PETROLEUM fully repaid the outstanding balance of €66 million (of which €44 million upon maturity and €22 million as a voluntary prepayment).

*HPF Loan, maturing in October 2021 (Eurobond €201m)*

In October 2016 HPF issued a €375 million five-year 4.875% Eurobond guaranteed by HELLENIC PETROLEUM, with the issue price being 99.453 per cent of the principal amount, maturing in October 2021. The proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017. The latter was effected via a tender offer process where notes of nominal value of €225 million were accepted. Subsequently the Company utilised €367 million of the issue, to prepay existing indebtedness and for general corporate purposes. In July 2017, HPF issued a notional amount of €74,5 million of notes guaranteed by HELLENIC PETROLEUM, maturing in October 2021, which were consolidated and form a single series with HPF's €375 million 4.875% guaranteed notes, as per above. Subsequently the Company increased its existing loan agreement with HPF.HPF prepaid part of the notes in October 2019, with the proceeds of another 5-year Eurobond issue of €500 million, as detailed below. The remaining outstanding balance of the notes as at 31 December 2020 was €74,5 million. In October 2021 HELLENIC PETROLEUM PLC fully repaid the outstanding balance of €201 million upon maturity.

*Bilateral facilities*

The Company maintain committed and uncommitted credit facilities with various banks to finance general corporate needs which are renewed in accordance with the Company's finance needs. The facilities mainly comprise of short-term loans of the parent company. During 2021, the Company achieved further improvements in the cost base of the facilities.

In December 2021, HELLENIC PETROLEUM increased the credit line of one of its short-term bilateral facilities by €50 million to €200 million. The outstanding balance as at 31 December 2021 was €150 million.

Bilateral facilities also include factoring facilities with recourse amounting to €54 million (31 December 2020: €38 million).

The table below presents the changes in Borrowings arising from financing activities:

| | 1 January 2021 | Cash flows - borrowings (inflows) | Cash flows - borrowings (outflows) | Cash flows - fees | Foreign exchange movement | Non cash movements | 31 December 2021 |
|---|---|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| Current interest-bearing loans and borrowings | 494.675 | 250.647 | (367.756) | (4.432) | - | 976.165 | 1.349.300 |
| Non-current interest-bearing loans and borrowings | 2.064.808 | 220.000 | (164.313) | (750) | - | (970.049) | 1.149.696 |
| Total | 2.559.483 | 470.647 | (532.069) | (5.182) | - | 6.115 | 2.498.995 |

| | 1 January 2020 | Cash flows - borrowings (inflows) | Cash flows - borrowings (outflows) | Cash flows - fees | Foreign exchange movement | Non cash movements | 31 December 2020 |
|---|---|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| Current interest-bearing loans and borrowings | 875.576 | 210.000 | (581.728) | (300) | - | (8.873) | 494.675 |
| Non-current interest-bearing loans and borrowings | 1.607.838 | 1.202.971 | (750.415) | (4.500) | (5.828) | 14.742 | 2.064.808 |
| Total | 2.483.414 | 1.412.971 | (1.332.143) | (4.800) | (5.828) | 5.869 | 2.559.482 |

# 19 Lease liabilities

| | Note | As at 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Long-term lease liabilities | | 16.532 | 21.279 |
| Short-term lease liabilities | | 8.216 | 9.284 |
| Total | | 24.748 | 30.563 |

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

| | Note | |
|---|---|---|
| As at 1 January 2020 | | 31.183 |
| Additions | | 11.485 |
| Modification | | (99) |
| Interest Cost | 28 | 1.388 |
| Repayment | | (11.781) |
| Other movements | | (1.613) |
| At 31 December 2020 | | 30.563 |
| | | |
| As at 1 January 2021 | | 30.563 |
| Additions | | 3.955 |
| Modification | | (272) |
| Interest Cost | 28 | 1.110 |
| Repayment | | (10.381) |
| Other movements | | (227) |
| At 31 December 2021 | | 24.748 |
| Current | | 8.216 |
| Non-current | | 16.532 |

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

| | Note | For the year ended 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Depreciation expense for right-of-use assets | 7 | 9.293 | 10.287 |
| Interest expense on lease liabilities | 28 | 1.110 | 1.388 |
| Expense relating to short-term leases | | 59 | 536 |
| Total amount recognised in statement of comprehensive income | | 10.462 | 12.211 |

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

| | Less than 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|
| 31 December 2021 | | | | |
| Lease liability | 9.074 | 15.075 | 3.332 | 27.481 |
| 31 December 2020 | | | | |
| Lease liability | 9.265 | 17.652 | 3.646 | 30.563 |

# 20 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The gross movement on the deferred income tax liability is as follows:

| | | As at | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| Beginning of the year | | (2.773) | (182.065) |
| Income statement charge/(credit) | 30 | (63.331) | 178.177 |
| Charged / (released) to equity | 30 | 3.979 | 1.115 |
| Restatement of equity (IAS 19 - Note 21) | | 1.318 | - |
| **End of year** | | **(60.807)** | **(2.773)** |

Deferred tax relates to the following types of temporary differences:

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Intangible and tangible fixed assets | (225.683) | (228.665) |
| Inventory valuation | 10.831 | 11.474 |
| Environmental provision | 46.841 | 3.600 |
| Unrealised exchange gains | (5.062) | 707 |
| Employee benefits provision | 38.348 | 38.309 |
| Provision for bad debts | 5.674 | 6.179 |
| Derivative financial instruments at fair value | (20.099) | (1.274) |
| Net interest cost carried forward (thin capitalisation) | 33.514 | 19.860 |
| Net operating losses carried forward | 39.488 | 132.218 |
| Provision for write-down in investments of associates | 16.834 | 11.514 |
| Lease contracts | (396) | (383) |
| Other temporary differences relating to provisions and accruals | (1.097) | 3.688 |
| **Net deferred income tax asset/(liability)** | **(60.807)** | **(2.773)** |

Deferred tax assets relating to tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As at 31 December 2021, the Company recognised deferred tax assets on tax loss carry-forwards totaling €39 million since, on the basis of the approved business plan, the Company considers it probable that these can be offset against future taxable profits.

As at 31 December 2021, thin capitalization rules as per art. 49 of law 4172/2013, whereby the net interest expense is deductible up to 30% of tax EBITDA resulted in a deferred tax asset of €33 million, which can be offset against future taxable profits without any time constraints.

# 21 Retirement benefit obligations

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Statement of Financial position obligations for: | | |
| Pension benefits | 174.211 | 159.782 |
| Liability in the Statement of Financial position | 174.211 | 159.782 |

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Statement of Comprehensive Income charge for: | | |
| Pension benefits | 16.220 | 9.837 |
| Total in the statement of comprehensive income | 16.220 | 9.837 |

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Remeasurements for: | | |
| Pension benefits | 15.099 | 8.304 |
| Income tax | (2.159) | (1.993) |
| Total as per Statement of Other Comprehensive Income | 12.940 | 6.311 |

The amounts recognised in the statement of financial position are as follows:

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Present value of funded obligations | 14.078 | 12.749 |
| Fair value of plan assets | (2.444) | (2.641) |
| Deficit of funded plans | 11.634 | 10.108 |
| Present value of unfunded obligations | 162.577 | 149.674 |
| Liability in the Statement of Financial Position | 174.211 | 159.782 |

## Impact of change in accounting policy following IFRIC AD for IAS 19

The IFRS Interpretations Committee (IFRIC) issued in May 2021 the final Decision on the agenda entitled "Attributing Benefits to Periods of Service in accordance with International Accounting Standard (IAS) 19", which includes guidance on how to attribute benefits in periods of service on a specific program of defined benefits.

Based on the above Decision, the way in which the basic principles of IAS 19 were generally applied for similar plans in Greece in the past changed and consequently, in accordance with IASB Due Process Handbook (par. 8.6) entities that prepare their financial statements in accordance with IFRS are required to amend their accounting policies accordingly.

Until the issuance of the IFRIC Decision, the Company applied IAS 19 distributing the benefits defined by the respective law (L.2112 / 1920, and where applicable, its amendment L.4093 / 2012) in the period from recruitment until the date of retirement of employees.

The application of this final Decision by the Company, has as a result the attribution of the retirement benefits in the final 28 years before the date of retirement of employees in accordance with the applicable legal framework and taking into account the additional contractual obligations of the Company in accordance with its collective labor agreements.

As a result, the application, by the Company, of the above Decision led to a change in accounting policy. Management having considered the guidance provided by IASB's "IFRS Practice Statement 2 Making Materiality Judgements", have determined that the impact of the application of the above IFRIC Decision in the comparative period in not material for any of the line items of the statement of financial position affected (Retirement benefit obligation, Retained earnings, Deferred income tax liabilities) and therefore applied it prospectively from the beginning of the carrying period and not retrospectively, showing the cumulative effect for the periods before January 1, 2021 in the opening retained earnings of the current year.

The effect of the application of the IFRIC Agenda Decision is presented in the below table:

<u>Extract from the statement of financial position</u>

| | As at 31 December 2020 as published | Effect of change in IAS 19 | As at 1 January 2021 after the effect oF IAS 19 |
|---|---|---|---|
| **Equity** | | | |
| Retained earnings | 520.475 | (4.175) | 516.300 |
| **Non current liabilities** | | | |
| Deferred income tax liabilities | 2.773 | (1.318) | 1.455 |
| Retirement benefit obligations | 159.782 | 5.493 | 165.275 |

The table below presents an extract of the statement of financial position assuming that the change in IAS 19 had been applied as of 1 January 2020:

| | As at 31 December 2019 as published | Effect of change in IAS 19 | As at 1 January 2020 after the effect oF IAS 19 |
|---|---|---|---|
| **Equity** | | | |
| Retained earnings | 935.648 | (3.949) | 931.699 |
| **Non current liabilities** | | | |
| Deferred income tax liabilities | 182.065 | (1.247) | 180.818 |
| Retirement benefit obligations | 147.074 | 5.196 | 152.270 |

If the change in IAS 19 had been applied as of 1 January 2020, this would have resulted in an additional loss before tax of 0,2 million as well as additional 0,1 million actuarial losses in other comprehensive income.

## The movement in the defined benefit obligation is as follows:

| | Present Value of Obligation | Fair Value of Plan Assets | Total |
|---|---|---|---|
| As at 1 January 2020 | 149.731 | (2.657) | 147.074 |
| | | | |
| Current service cost | 7.778 | - | 7.778 |
| Interest expense/(income) | 1.470 | (29) | 1.441 |
| Past service costs and (gains)/losses on settlements | 618 | - | 618 |
| Statement of comprehensive income charge | 9.866 | (29) | 9.837 |
| | | | |
| Remeasurements: | | | |
| - Return on plan assets, excluding amounts included in Interest expense/(income) | - | - | - |
| - (Gain)/loss from change in financial assumptions | 5.134 | - | 5.134 |
| - Experience (gains)/losses | 3.176 | (6) | 3.170 |
| Statement of other comprehensive income charge | 8.310 | (6) | 8.304 |
| Benefits paid directly by the Company/Contributions paid by the Company | (4.768) | (665) | (5.433) |
| Benefit payments from the plan | (716) | 716 | - |
| Settlement payments from the plan | - | - | |
| As at 31 December 2020 | 162.423 | (2.641) | 159.782 |
| Effect of changes in accounting policy (IAS 19) | 5.493 | - | 5.493 |
| As at 1 January 2021 | 167.916 | (2.641) | 165.275 |
| | | | |
| Current service cost | 8.387 | - | 8.387 |
| Interest expense/(income) | 1.304 | (21) | 1.283 |
| (Gains)/losses on settlements | 6.550 | - | 6.550 |
| Statement of comprehensive income charge | 16.241 | (21) | 16.220 |
| | | | |
| Remeasurements: | | | |
| - (Gain)/loss from change in financial assumptions | 11.469 | - | 11.469 |
| - Experience (gains)/losses | 3.646 | (16) | 3.630 |
| Statement of other comprehensive income charge | 15.115 | (16) | 15.099 |
| | | | |
| Benefits paid directly by the Company/Contributions paid by the Company | (22.023) | (360) | (22.383) |
| Benefit payments from the plan | (594) | 594 | - |
| As at 31 December 2021 | 176.655 | (2.444) | 174.211 |

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

| Balance at 31 December 2021 | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Pension Benefits | 11.988 | 19.566 | 31.378 | 126.700 | **189.632** |

## Plan assets are comprised as follows:

| | 31 December 2021 | | | | 31 December 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted | Unquoted | Total | % | Quoted | Unquoted | Total | % |
| Equity Instruments | 95 | - | 95 | *4%* | 90 | - | 90 | *3%* |
| Debt Instruments: | | | | | | | | |
| - Government bonds | 1.030 | - | 1.030 | *42%* | 1.120 | - | 1.120 | *42%* |
| - Corporate bonds | 1.028 | - | 1.028 | *42%* | 1.088 | - | 1.088 | *41%* |
| Investment funds | 237 | - | 237 | *10%* | 253 | - | 253 | *10%* |
| Cash and cash equivalents | 54 | - | 54 | 2% | 90 | - | 90 | *3%* |
| Total | 2.444 | - | 2.444 | | 2.641 | - | 2.641 | |

The principal actuarial assumptions used were as follows:

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Discount Rate | 0,84% | 0,80% |
| Future Salary Increases | 2,05% - 2,50% | 1,20% - 2,50% |
| Inflation | 2,05% | 1,20% |

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

| | | Impact on Defined Benefit Obligation | |
|---|---|---|---|
| | Change in assumption | Increase in DBO | Decrease in DBO |
| Discount Rate | 0,50% | (4,74)% | 5,14% |
| Future Salary Increases | 0,50% | 5,05% | - |

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

Expected contributions to defined benefit plans for the following year amount to €0,3 million. The weighted average duration of the defined benefit obligation is 10 years (2020: 10 years).

## 22 Provisions

The movement for provisions for 2021 and 2020 is as follows:

| | Litigation povisions | Provisions for environmental costs | Provisions for other liabilities and charges |
|---|---|---|---|
| **At 1 January 2020** | **7.797** | **15.000** | **22.797** |
| Charged/(credited) to the statement of comprehensive income: | | | |
| Utilised during year | (510) | - | (510) |
| **At 31 December 2020** | **7.287** | **15.000** | **22.287** |
| Other movements / reclassifications | 70 | (70) | - |
| Utilised during year | (39) | - | (39) |
| **At 31 December 2021** | **7.318** | **14.930** | **22.248** |

Long-term provisions as at 31 December 2021 comprise of amounts for pending legal claims and environmental restoration costs.

# 23 Other non-current liabilities

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Government grants | 6.471 | 7.063 |
| Trade and other payables | 5.485 | 5.622 |
| Total | 11.956 | 12.685 |

*Government grants*

Government grants relate to grants for the purchase of property, plant and equipment. Amortisation for 2021 amounted to €0,7 million (2020: €0,7 million).

*Trade and other payables*

Trade and other payables, non-current generally include sundry operating items and risks arising from the Company's ordinary activities.

# 24 Derivative financial instruments

| Commodity Derivative type | Assets | Liabilities | Assets | Liabilities |
|---|---|---|---|---|
| | € | € | € | € |
| Commodity Swaps - Crude & oil products | - | 1.428 | - | 4.635 |
| Commodity Swaps - EUA | 92.143 | | 2.433 | - |
| | 92.143 | 1.428 | 2.433 | 4.635 |

Derivatives designated as Cash Flow Hedges

| Commodity Derivative type | Assets | Liabilities | Assets | Liabilities |
|---|---|---|---|---|
| | € | € | € | € |
| Commodity Swaps - Crude & oil products | - | 786 | 7.512 | - |
| Total | 92.143 | 2.214 | 9.945 | 4.635 |
| Current portion | | | | |
| Commodity swaps | 92.143 | 2.214 | 9.945 | 4.635 |
| Total | 92.143 | 2.214 | 9.945 | 4.635 |

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the accounting hedging criteria, they are classified as 'derivatives at fair value through the income statement' for accounting purposes.

Derivatives held for trading include commodity swaps for EUAs (Note 3 and 17).

## Derivatives designated as cash flow hedges

During the year ended 31 December 2021 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €31,8 million gain, net of tax (2020: €25,1 million loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a gain of €25,5 million net of tax as at 31 December 2021 (2020: €22 million loss, net of tax), is included in the hedging reserve (see Note 16).

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

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

# 25 Expenses by nature

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Raw materials and consumables used | 7.267.763 | 4.905.525 |
| Employee costs | 223.418 | 216.383 |
| Depreciation of property, plant and equipment and right-of-use assets | 169.359 | 160.739 |
| Amortization of intangible assets | 5.577 | 5.872 |
| Transportation and warehouse costs | 51.760 | 51.760 |
| Production overheads | 332.840 | 170.768 |
| Swaps (gains)/losses | (37.312) | 40.559 |
| Stock devaluations | 574 | 6.088 |
| Other expenses | 53.921 | 55.003 |
| **Total expenses** | **8.067.899** | **5.612.696** |
| | | |
| Expenses capitalised in assets under construction | (7.258) | (21.000) |
| **Total cost of sales, distribution cost and administrative expenses** | **8.060.641** | **5.591.696** |

Other expenses mainly comprise items relating to maintenance & site expenses, insurance costs, provision for impairment of receivables, corporate social responsibility costs, third party services (consultancy & legal) expenses, IT costs and advertising and promotion costs.

SWAPS gains/(losses) comprise the total amounts included in comprehensive income for derivatives at fair value through the income statement, whether realized or unrealized and the effect of recycling for derivatives held for hedging (Note 3 and 24).

The fees of Ernst & Young concerning the permissible non-audit services which have been preapproved from the Audit Committee of the Company during 2021, amounts to €13 thousands.

### Employee costs

Employee costs are set out in the table below:

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Wages and salaries | 150.993 | 150.988 |
| Social security costs | 34.057 | 36.568 |
| Defined benefit plans | 9.992 | 9.434 |
| Defined contribution plans | 12.093 | 11.166 |
| Other benefits - emoluments | 16.283 | 8.227 |
| **Total** | **223.418** | **216.383** |

Other employment benefits include medical insurance, catering and transportation expenses, as well as voluntary retirement scheme costs of €6,5 million for the year ended 31 December 2021.

## 26 Exploration and development expenses

Geological and geophysical costs are expensed as incurred and relate mainly to exploration operations including environmental and geological studies.

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

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

| | | For the year ended | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| Other operating income and other gains | | | |
| Income from grants | 33 | 662 | 797 |
| Services to third parties | | 11.958 | 5.493 |
| Rental income | | 1.607 | 1.581 |
| Insurance compensation | | 152 | 153 |
| Gains on disposal of non-current assets | | 17 | 3.518 |
| Discounting of long-term receivables and liabilities | | 1.912 | - |
| Reverse impairment charge on investments | 9 | - | 13.261 |
| Gains on sale of investments | | 1.618 | - |
| Other | | 7.796 | 13.642 |
| Total | | 25.723 | 38.444 |
| | | | |
| Other operating expenses and other losses | | | |
| Covid-19 related expenses | | (10.524) | (18.025) |
| Voluntary retirement scheme cost | | - | - |
| Discounting of long-term receivables | | - | (6.488) |
| Impairment of investments | 9 | (37.342) | (7.373) |
| Impairment of fixed assets | 6 | - | (211) |
| Other | | (2.260) | (5.619) |
| Total | | (50.126) | (37.715) |

Other operating income / (expenses) and other gains / (losses), include amounts which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Impairment of investments includes the impairment in ASPROFOS S.A., HELPE E&P Holdings S.A. and ELPEDISON B.V. (Note 9).

Covid-19 related expenses of €10,5 million (31 December 2020: €18 million) comprise of €6 million payroll costs (31 December 2020: €6,5 million) payroll costs mainly related to required modifications in the working shifts in the refineries, €4,3 million (31 December 2020: €2,4 million) for protective measures in all Company's premises and €0,2 million (31 December 2020: €1,1 million) for marketing, consulting services and other related expenses. Additionally, during 2020 the Company made donations to the health-care system amounting to €8 million.

# 28 Finance income / (expense)

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Interest income | 7.719 | 9.727 |
| Interest expense | (71.070) | (82.588) |
| Other finance costs | (21.705) | (20.136) |
| Lease finance cost | (1.110) | (1.388) |
| **Finance costs - net** | **(86.166)** | **(94.385)** |

Finance costs amounting to €3,7 million (2020: €3,1 million) have been capitalised (Note 6).

# 29 Currency exchange gains / (losses)

Foreign currency exchange gains of €16 million for the year ended 31 December 2021 mainly relate to unrealized gains arising from the valuation of bank accounts denominated in foreign currency (mostly US$). The corresponding amount for the year ended 31 December 2020 was a gain of €5 million.

# 30 Income tax expense

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

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Current tax | - | - |
| Prior year tax | (5) | (1.800) |
| Deferred tax (Note 20) | (63.331) | 178.177 |
| **Total** | **(63.336)** | **176.377** |

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

| | For the year ended | | | | | |
|---|---|---|---|---|---|---|
| | 31 December 2021 | | | 31 December 2020 | | |
| | Before tax | Tax (charge)/ credit | After tax | Before tax | Tax (charge)/ credit | After tax |
| Investment in equity instruments | (189) | (156) | (345) | (379) | 91 | (288) |
| Cash flow hedges | (8.298) | 1.976 | (6.322) | 4.038 | (969) | 3.069 |
| Actuarial gains/ (losses) on defined benefit pension plans | (15.099) | 2.159 | (12.940) | (8.304) | 1.993 | (6.311) |
| **Other comprehensive income** | **(23.586)** | **3.979** | **(19.607)** | **(4.645)** | **1.115** | **(3.530)** |

The corporate income tax rate of legal entities in Greece for 2021 is 22% (31 December 2020: 24%). This was enforced according to the provisions of Law 4799/2021, issued in May 2021, where the corporation income tax rate was amended to 22%, effective from tax year 2021 onwards.

The deferred tax charge of €63,3 million included within income taxes mainly relates to the utilization of tax losses that arose during the year ended 31 December 2020 and utilized during the current year.

The deferred tax credit within income taxes mainly relates to tax losses arising in the year ended 31 December 2021 and carried forward, amounting to €39 million and are expected to be fully utilised during a period of five years. 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 €33 million as at 31 December 2021 (31 December 2020: deferred tax asset of €20 million), which can be offset against future taxable profits without any time constraints (Note 20).

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

Audits by Certified Auditors – Tax Compliance Report

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

The Company has received unqualified Tax Compliance Reports, for fiscal years up to 2020 (inclusive). Management expects that the same will also apply for the year ended 31 December 2021.

Audits by Tax Authorities

The Company has undergone full tax audits for the financial years ended 31 December 2014.

Notwithstanding the possibility of future tax audits, Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the financial statements as of 31 December 2021 (Note 34).

As of 31 December 2021, the income tax receivables include amounts of €13,9 million advanced by the Company, relating to uncertain tax positions (as explained in Notes 2.19, 4 and 33) relating to income taxes and related interest and penalties (2020: €32,1 million). The timing of the finalization of these disputes cannot be estimated and the Company has classified these amounts as current assets.

Numerical reconciliation of income tax expense to prima facie tax payable:

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Profit before Tax | 293.017 | (515.141) |
| Tax calculated at corporation tax rate 22% (2020: 24%) | (64.464) | 123.634 |
| Tax on income not subject to tax | 5.018 | 12.368 |
| Tax on expenses not deductible for tax purposes | (5.605) | (4.878) |
| Adjustments to deferred tax due to changes in tax rate | 1.257 | - |
| Adjustments for tax of prior periods | (5) | (1.800) |
| Non-deductible tax on distribution of DESFA shares by DEPA | - | 46.556 |
| Other movements | 463 | 497 |
| **Tax (Charge) / Credit** | (63.336) | 176.377 |
| **Effective tax rate** | *(23,4)%* | *(31,1)%* |

# 31 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. As of 31 December 2021 and 2020, all share options have either been exercised or lapsed and there are no treasury shares. Diluted earnings / (losses) per ordinary share equal basic earnings/(losses) per share.

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Earnings/(Losses) per share attributable to the Company Shareholders (expressed in Euro per share): | 0,75 | (1,11) |
| Net income/(loss) attributable to ordinary shares (Euro in thousands) | 229.681 | (338.764) |
| Weighted average number of ordinary shares | 305.635.185 | 305.635.185 |

# 32 Dividends per share

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 year ended 2019, which was approved by the AGM on 24 June 2020. The total final dividend for 2019, amounts to €76,4 million and was paid in July 2020.

At its meeting held on 25 February 2021, the Board of Directors decided to propose to the AGM a final dividend €0,10 per share for the financial year 2020. The dividend amounts to €30,6 million and was paid in July 2021.

At its meeting held on 24 February 2022, the Board of Directors decided to propose an amount of €0,30 per share from prior year retained earnings as well as to propose to the AGM a final dividend of €0,1 per share for the financial year 2021. The total dividend amounts to €122,3 million. The final dividend for the financial year 2021 is subject to approval by the AGM on 9 June 2022.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend or an additional special dividend during 2022.

# 33 Cash generated from operations

| | Note | For the year ended 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Profit/(Loss) before tax** | | **293.017** | **(515.141)** |
| Adjustments for: | | | |
| Depreciation and impairment of property, plant & equipment and right of use assets | 6,7 | 169.359 | 161.976 |
| Amortisation and impairment of intangible assets | 8 | 5.577 | 5.872 |
| Amortisation of grants | 27 | (662) | (797) |
| Financial expenses/(income) - net | 28 | 86.166 | 94.385 |
| Provisions for expenses and valuation changes | 17 | 238.677 | 119.937 |
| Amortisation of long-term contracts costs | 27 | (1.912) | 6.488 |
| (Gains)/Losses on disposal of non-current assets | | 7 | (3.518) |
| Foreign exchange (gains)/losses | 29 | (16.007) | (4.988) |
| Dividend income | | (22.809) | (51.533) |
| | | **751.413** | **(187.319)** |
| **Changes in working capital** | | | |
| (Increase) / Decrease in inventories | | (642.101) | 298.461 |
| (Increase) / Decrease in trade and other receivables | | (174.616) | 178.198 |
| Increase / (Decrease) in trade and other payables | | 163.336 | 22.769 |
| | | **(653.381)** | **499.428** |
| **Net cash generated from operating activities** | | **98.032** | **312.109** |

# 34 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:

<u>Business Issues</u>

*(i) Unresolved legal claims*

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

During the current and preceding year, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Company within the boundaries of each respective municipality. As at 31 December 2021, the total amounts imposed amount to €53,3 million (2020: €39,4 million). In order to appeal against these, and in accordance with legislation, the Company has paid an amount of €19,4 million (2020: €14 million) which is included in other receivables in the financial statements.

The Company has exercised all available legal recourse relating to these cases and Management have assessed that it is most probable that the outcome of all appeals will be favourable.

During the year ended 31 December 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 these as at 31 December 2021 was the equivalent of €783 million (31 December 2020: €1.006 million).

As at 31 December 2021, the Company has also provided bank guarantees in favour of subsidiaries and associates of the Group amounting to €19 million (31 December 2020: €20,3 million) and €15,6 million (31 December 2020: €8,5 million) respectively, and corporate guarantees amounting to €7,9 million (31 December 2020: €11,3 million). Also, as at 31 December 2021, the intragroup corporate guarantees provided to the Custom Authorities for the transportation of energy products within the bonded warehouse regime amounted to €46,6 million (31 December 2020: €46,6 million).

Taxation and customs

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

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

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

As disclosed in Note 30, tax audits for the Company have been completed by the Tax Authorities as follows:

HELLENIC PETROLEUM's financial years up to and including the year ended 31 December 2015 are time-barred. The Tax audit reports for years ended 31 December 2010 and 31 December 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of € 22.5 million and penalties of €23.5 million, for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Companies' normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed.

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

The relevant decisions of the Athens Administrative Court of Appeals were issued in March 2021, according to which: various non-deductible expenses and additional charges are annulled and the amount of € 18.2 million is returned to the Company, whereas, with regards to the stamp duty, the relevant appeals are partially accepted and the amount of € 3.8 million is also returned to the Company.

The Company has filed cassation recourses to the extent that its appeals are not accepted and believes that the final outcome will be in its favor.

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 inclusive 2017. The audit is related to specific tax subjects and the final Tax Audit Report was received in February 2021 without findings. Moreover, during July 2020, a new notification for full audit was received for the year 2014 regarding all tax subjects. The audit is finalized and the Tax audit Reports were received in December 2020. The reports assess additional amounts of € 16.2 million, penalties of € 8.1 million and surcharges of € 9.5 million for alleged stamp duty, while various non-deductible expenses and other income tax adjustments have no payment impact, since in 2014 the Company has tax losses. Following a detailed review of the Tax Audit Reports, the Company disputes the additional amounts imposed. In January 2021 the Company followed the relevant administrative procedure against the tax assessment paying the minimum required amount of 50% of the total tax and surcharges, amounting to € 16.9 million while the remaining 50% was offset in April 2021, therefore the full charged amount is now paid. After the implicit rejection of the administrative appeals, the company has filed judicial appeals in November 2021.

The Company expects that it will succeed in its appeals and the relevant amounts will be fully recovered.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2020, the Company obtained unqualified "Annual Tax Compliance Reports" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

*(ii) Assessments of customs, duties and fines*

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

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 12), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful. The appeal against the Customs Act No 935/2008 amounting to €3,5 million, was heard at first instance, was dismissed and the Company has appealed to the Supreme Administrative Court against the decision, whereby the hearing is set for 9 June 2021 and is postponed to 9 February 2022. In November 2020 the hearing of the Customs Act No 989/2008, amounting at € 35.7 million, took place before the Administrative Court of Piraeus, the relevant decision is pending.

The Company considers that the above amounts will be recovered.

## 35 Commitments

(a) Capital commitments

Significant contractual commitments amount to €52 million as at 31 December 2021 (31 December 2020: €41 million), which mainly relate to improvements in refining assets.

(b) Letters of Credit

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

(c) Put and call option

HELLENIC PETROLEUM 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.

# 36 Related party transactions

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

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Sales of goods and services to related parties | | |
| Group entities | 2.546.111 | 1.565.689 |
| Associates | 123.959 | 984.367 |
| Joint ventures | 62.622 | 698 |
| Total | 2.732.692 | 2.550.754 |
| | | |
| Purchases of goods and services from related parties | | |
| Group entities | 38.885 | 43.643 |
| Associates | 553.592 | 747.755 |
| Joint ventures | 126.849 | 47.536 |
| Total | 719.326 | 838.934 |

Other operating income/(expenses) & other gains/(losses)-net for 2021 include income from subsidiaries, amounting to €10,1 million (2020: €4,3 million).

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

| | As at | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Balances due to related parties | | |
| Group entities | 11.925 | 23.086 |
| Associates | 15.329 | 8.049 |
| Joint ventures | - | 17.301 |
| Total | 27.254 | 48.436 |
| | | |
| Balances due from related parties | | |
| Group entities | 170.802 | 101.433 |
| Associates | 5.284 | 48.286 |
| Joint ventures | 48.069 | 394 |
| Total | 224.155 | 150.113 |

Transactions have been carried out with the following related parties:

(a) HELLENIC PETROLEUM Group companies. Interests in subsidiaries are set out in Note 9.

(b) Associates and joint ventures of the Group, which are consolidated under the equity method:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- DEPA Commercial S.A. (previously Public Gas Corporation of Greece S.A. – DEPA S.A.)
- DEPA Infrastructure S.A.
- DEPA International Projects S.A.
- Elpedison B.V.

- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A. (Liquidated on April 2020)
- D.M.E.P. HOLDCO

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., The outstanding amount of which as at 31 December 2021 was €106 million (31 December 2020: €102 million).

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

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Hellenic Distribution Network Operator SA (HEDNO)
- Hellenic Gas Transmission System Operator S.A. (DESFA)

During the year ended 31 December 2021, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €96 million (2020: €111 million);
- Purchases of goods and services amounted to €35 million (2020: €49 million);
- Receivable balances of €9 million (31 December 2020: €8 million); and
- No payable balances as at 31 December 2021 (31 December 2020: €16 million).

(d) Key management includes Directors (Executive and Non-Executive Members of the Board of HELLENIC PETROLEUM Holdings S.A.) and General Managers. The compensation paid or payable to the aforementioned key management amounted as follows:

| | For the year ended | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Short-term employee benefits | 5.539 | 4.576 |
| Post-employment benefits | 185 | 149 |
| Total | 5.724 | 4.725 |

(e) The Company has extended loans to its subsidiaries (Notes 10 and 12). The outstanding balance of these loans as at 31 December 2021 was €127 million (31 December 2020: €104 million). Interest income for the year was 3 million (2020: €5 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 3,56% (2020: 3,64%).

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 31 December 2021 was €255 million (31 December 2020: €620 million). Interest expense for the year was €20 million (2020: €23 million). All loans are at variable interest rates. The average interest rate on inter-company loans was 3,72% (2020: 4,05%).

# 37 Events after the end of the reporting period

In the context of the corporate transformation of the HELLENIC PETROLEUM Group and following the decisions of the Extraordinary General Meeting of Shareholders of 10.12.2021, on January 3, 2022, it was approved -by virtue of the decision of the Ministry of Development and Investments No 142903/03.01.2022 and registered on 03.01.2022 in GEMI with Registration Number 2767913-, the demerger by way of hive-down of its refining, supply and trading of oil products and petrochemicals sector and the establishment of a new company, pursuant to the provisions of articles 57 and 59-74 of Law 4601/2019 and Law 4548/2018.

As a result, a new entity was incorporated under the name “HELLENIC PETROLEUM SINGLE MEMBER SOCIETE ANONYME REFINING, SUPPLY AND SALES OF OIL PRODUCTS AND PETROCHEMICALS” with the trade name “HELLENIC PETROLEUM R.S.S.O.P.P. S.A.” and its Articles of Association were approved

HELLENIC PETROLEUM S.A. became the sole Shareholder of the Beneficiary Entity “HELLENIC PETROLEUM R.S.S.O.P.P. S.A.”, by acquiring all 130.100.000 common, registered shares issued by the Beneficiary Entity, with a nominal value of €10 each.

Finally, Articles 1 (Name), 4 (Scope) and 19/paragraph 4 (Board of Directors) of the Articles of Association of the Demerged Entity were amended in accordance with the resolution of the EGM held on 10.12.2021. The new corporate name of the Demerged Entity is "HELLENIC PETROLEUM HOLDINGS SOCIETE ANONYME” and its trade name: "HELLENIC PETROLEUM HOLDINGS SA", while the shares of the Demerged Entity will remain listed on the Main Market of the Athens Stock Exchange.

Other than the events already disclosed either above or in Notes 9 and 32 no material events took place after the end of the reporting period and up to the date of the publication of the financial statements.

The recent geopolitical events in Ukraine, the military actions from Russia and the potential response from European countries and the United States in the form of economic sanctions could affect global energy markets and economic developments in general and specifically to the Company. Although the Company sources crude feed from Russia, Company’s refineries feed can be replaced with other grades if required without affecting the refineries’ operation. Furthermore, over the last few months and following increase in natural gas prices, the Company’s refineries have minimized natural gas use as a feed, substituting with oil products to a significant extend. The Company is following developments around the crisis in Ukraine and is planning accordingly.

The Company regards these events as non-adjusting events after the reporting period, the potential effect of which cannot be estimated at the moment