

**Company Registration Number: 05610284**

**HELLENIC PETROLEUM FINANCE PLC  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**HELLENIC  
PETROLEUM FINANCE**

## **Hellenic Petroleum Finance PLC**

Annual report and financial statements for the year ended 31 December 2020

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## **Hellenic Petroleum Finance PLC**

Annual report and financial statements for the year ended 31 December 2020

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### **OFFICERS AND PROFESSIONAL ADVISERS**

<b>Directors</b>	Andreas Shiamishis Christian Thomas Christina Stampoultzi Vasilis Tsaitas Panos Shiatis Nita Savjani Kenneth Howard Prince-Wright
<b>Company Registration Number</b>	05610284
<b>Company Secretary</b>	TMF Corporate Administration Services Limited
<b>Registered Office</b>	C/O Tmf Group 8th Floor, 20 Farringdon Street London, United Kingdom EC4A 4AB
<b>Independent Auditors</b>	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ

**STRATEGIC REPORT**

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

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

The profit for the year and the Company’s financial position at the end of the year are shown in the attached financial statements. The profit for the year was €7,953,416 (2019: loss €21,486,619) which is transferred to reserves.

**Financing:**

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

The Parent Company raises its borrowing from a number of sources, including the Company and Greek and International banks. At 31 December 2020, the Company accounted for €0.8 billion of a total of €2.9 billion in total Group borrowings (see Note 17 of the Group’s annual financial statements). It should be noted that as at 31 December 2020 the Parent Company had cash reserves of €1 billion (see Note 13 of the Parent Company’s annual financial statements). Additional information on the overall Group’s business and the financial statements of Parent and Group are also available through the Hellenic Petroleum S.A. website ([www.helpe.gr](http://www.helpe.gr)).

Details of the Company’s interest bearing loans and borrowings are set out in Note 13, and summarised below:

- In October 2016 the Company issued a 5-year Eurobond denominated in Euro with a notional amount of €375 million.
- In July 2017, the Company issued an additional €74.53 million guaranteed notes due 14 October 2021, which were consolidated and form a single series with the €375 million guaranteed notes.
- In October 2019 the Company issued a Eurobond denominated in Euro with a notional amount of €500 million. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248.4 million were accepted. The premium cost and other expenses for the tender offer was €24.6 million, included in other expenses of the statement of comprehensive income for the year ended on 31 December 2019.
- The consolidated single series notes of €449.53 million consisting of the October 2016 notes of €375 million and the July 2017 notes of €74.53 million were partially prepaid in October 2019 with the proceeds of the new Eurobond issue of €500 million. The balance of the notes as at 31 December 2019 and 31 December 2020 was €201 million.
- On October 12, 2020 the Company issued an additional amount of €99.9 million which were consolidated and form a single series with the €500 million Eurobond guaranteed notes maturing in October 2024.

Since incorporation and up to the date of signing the financial statements, the Company has raised a total of €4,147 million. As at 31 December 2020 the indebtedness balance outstanding amounted to €792 million. The Company’s indebtedness is guaranteed by the Parent Company.

*United Kingdom’s exit from the European Union:* The exit of the UK from the EU and the subsequent agreement governing the relevant matters did not have an impact in the existing HPF Eurobonds or in the Group’s funding from international debt capital markets.

## **STRATEGIC REPORT (Continued)**

### **Going Concern – The Group**

The Group's consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 25 February 2021. The Group's operating results in 2020 reported a net loss of €397 million (2019: €164 million gain). The net loss is primarily a result of an unfavourable refining environment, mainly affected by the Covid-19 pandemic. The principal reasons for the reported loss along with the considerations made by the Directors of the Group in relation to the use of the Going Concern assumption in preparing the Group's consolidated financial statements are described below:

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

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

The strict containment measures gradually relaxed during May leading to a partial recovery of the domestic demand during the summer. However, following a steady increase of infections during summer and especially since August, the Greek Government reintroduced measures and restrictions to contain the spread of the coronavirus. Despite the measures taken during the previous months, in the last months of the year the situation in the country deteriorated further with a considerable rise in the number of infections and new virus variants emerging, and the government announced even more strict measures, including lockdowns, in order to control the spread of the pandemic and ensure public health.

The decline in crude oil prices during the second quarter of the year, the sustained drop in refining margins throughout the year and the fluctuations in demand stemming from mobility restrictions, have affected the financial results of the Group resulting in declined profitability and high inventory valuation losses. However, the above have not altered the Group's strategic orientation or targets and the current operations are largely unaffected.

The Group immediately responded to the outbreak of the pandemic and since the end of February 2020 has taken various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders, as well as the smooth operation of its activities and continuing to supply the market.

These initiatives include:

- Adopting a timely and successful new remote working model (teleworking) where possible, remotely supporting information systems and modifying shift programs.
- Utilizing digital technology and upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid19 cases.
- Continuously keeping employees up to date, along with ongoing health support (medical network, psychological support line).
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

The evolution of the pandemic, in Greece and globally, is expected to affect the financial results and financial position for at least 2021. While a strong global economic recovery in 2021 remains likely, the impact on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to

**STRATEGIC REPORT (Continued)**

the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management will continue to monitor the situation closely and will assess any potential further impact on the Group's financial position and performance, including the recoverable amount of its investments, in case the period of disruption becomes prolonged.

**Greek Macros:** During 2020, the coronavirus pandemic affected significantly the global and Greek economy and disrupted the global financial stability. The growth prospects (which were positive during the first two months of the year) were reversed and the Greek economy was led into a deep recession.

GDP increased by 2.7% in the fourth quarter of 2020 compared to the previous quarter (GDP decreased by 7.9% as compared to the corresponding period in 2019) reflecting the impact of the pandemic and the containment measures imposed by the Greek government. The increase in GDP during the third quarter was driven mainly by an increase in private consumption and imports partially offset by a drop in exports and investment.

Total domestic fuels consumption for the year decreased by 7.6% compared to 2019 (total demand for motor fuels decreased by 12.3%) mainly affected by lower demand for gasoline and auto diesel, as a result of mobility restrictions to counter the effects of the coronavirus outbreak partly offset by the increased demand for heating gasoil.

The outbreak of Covid – 19 is expected to continue to have a negative impact on the Greek and global economy during 2021, affecting the public debt and unemployment rate as well as the non-performing loans and the investments. The containment measures imposed by the Greek government due to the outbreak of Covid -19 also had a significant impact on demand and private consumption. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

**Prices:** Commodity price risk management is supervised by a Risk Management Committee, which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units. During the year ended on 31 December 2020, the Group entered into certain derivatives to hedge cash flows related to purchases and sales of crude oil and petroleum products. The Group also entered into a derivative transaction to hedge the cash flow risk arising from the re-acquisition of the CO2 certificates disposed in December 2020, in time to fulfil its obligation as part of the EUA scheme.

**Securing continuous crude oil supplies:** The developments in the global and regional crude oil markets during 2020 (outbreak of Covid-19 and the containment measures imposed by the majority of countries worldwide) resulted in a significant decrease in the cost of raw material for the Group. Average international crude oil reference prices in 2020 decreased by about 34% compared to average prices in 2019. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum S.A.'s refinery, improving the competitive position of Med refiners vs. their global peers. The Group was able to take advantage of this development and diversify its crude basket. In the context of the above the Group was able to capture opportunities in contango trades for crude and products by utilizing its available storage capacity. The oil sector is anticipated to gradually recover during 2021, especially as the distribution of vaccines is expected to play an important role. However, the new virus variants, the delays in the commencement of vaccination programs and the potential that the vaccines could be less effective than expected, pose major risks to the expected recovery.

**Financing of operations:** The key priorities of the Group 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. As a result of these key priority initiatives and in line with its medium-term financing plan, the Group has maintained a mix of committed long-term credit facilities and uncommitted short-term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. As of 31 December 2020, approximately 86% of total debt (about 70% as of 31 December 2019), is financed by long-term committed credit lines (maturing over 12 months from 31 December 2020) while the remaining debt is being financed by short term credit facilities (bilateral lines).

**STRATEGIC REPORT (Continued)**

During the period of 2020 up to the date of approval of Hellenic Petroleum Finance annual financial statements, the Group has successfully renewed all borrowings maturing within the period and additionally, on October 2020, Hellenic Petroleum Finance, successfully issued €99.9 million of new notes principal amount, with a yield of 2.42% reaffirming its relationships with key financial institutions which constitute the majority of the existing debt providers of the Group.

At 31 December 2020, the Group held cash of €1,202 million and had a positive working capital position. Its total loans and borrowings amount to €2,875 million, of which an amount of €767 million falls due until 30 June 2022 with the remaining of the balance spread over a period of 4 years enabling controlled refinancing. Of its total borrowings, €2,475 million relate to committed term facilities and €400 million to uncommitted facilities repayable on demand. For more details in relation to the maturity profile of Group borrowings refer to Note 17 of the Group's financial statements.

With reference to the refinancing of borrowings maturing until 30 June 2022, the Group's intention is to either refinance through rolling over existing borrowings or through the issue of a new Eurobond. For further details refer to Note 3 of the Group's financial statements.

Moreover, should further funding be required, the Group can draw from committed term facilities limits €198 million without further approvals as well as from uncommitted facilities €412 million, subject to approvals from the respective financial institutions. Specifically, for the aforementioned uncommitted facilities, the Group expects that such approvals will be granted, based on the financing history of the Group and its relations with the financial institutions. Based on their assessment, taking into account the above and also their financial forecasts, until 30 June 2022. Management is satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

**Conclusion on the use of the going concern assumption in the preparation of the Group's consolidated financial statements:** Management has considered the impact of the Covid-19 pandemic up to the date of authorization of Group's consolidated financial statements and reassessed its plans for the period until 30 June 2022 considering the deterioration in the economic environment and the impact on the financial performance of the Group. The profitability in the plans that Management examined are most sensitive to factors described above. The Group management concludes that, although Covid-19 may continue to have a significant impact on the Group's operations in 2021, such impact will be absorbable and does not imperil the long-term viability of the Group. Also see "Going Concern – The Company" section including the key considerations on the Group's projections of cash flow forecasts.

Based on the analysis performed and the refinancing plan which are in the process of executing, management is satisfied that it can meet all its obligations as they fall due in the period of at least until 30 June 2022 and that there are no material uncertainties that may cast doubt on the Group's ability to operate as a going concern.

**Going Concern – The Company**

At 31 December 2020, Hellenic Petroleum Finance PLC had net current liabilities of €124,280,317 (2019: net current assets of €3,625,027). The Company's receivables are predominantly intercompany loans, the recovery of which is used to enable the Company to satisfy its obligations under its borrowings consisting of Eurobonds. Loans provided by the Company reflect the maturity of the loans raised from the capital markets by the Company. Also, the Company may ask the counterparties to repay either part of their loans or the whole loan for restructuring purposes among the Group companies and always after considering the counterparty's ability to repay the respective amount at a given point in time. The borrower must repay the loan on demand by the lender at any time. All loans shall, if not demanded previously, be repaid after a number of years specified in each agreement (see also Note 9). As such the company will have sufficient liquidity to meet its obligations maturing until 30 June 2022. The next scheduled upcoming Eurobond repayment, with an outstanding amount of €200,717,785, is due in October 2021. The Company is therefore reliant on the wider Hellenic Petroleum Group to repay its borrowings as they become due. In addition, the parent Company, Hellenic Petroleum S.A. has provided a guarantee for the repayment of the Eurobonds.

The directors have obtained a letter of support from the Parent Company. This letter states that Hellenic Petroleum S.A. will provide financial support to Hellenic Petroleum Finance PLC for a period of at least until 30 June 2022.

The directors of Hellenic Petroleum Finance PLC have performed an assessment of the ability of Hellenic Petroleum S.A. to honour the parental letter of support that has been provided. They have obtained detailed

**STRATEGIC REPORT (Continued)**

projections of Group cash flow forecasts and assessed the underlying key assumptions including industry macros (e.g. prices, benchmark refining margins), operating levels (production and sales volumes), Group liquidity plan and other cash flow elements such as dividend payments which are discretionary. This assessment included sensitising the assumptions to reflect a number of scenarios considering the prevailing uncertain economic conditions in Europe as well as globally, particularly in the Energy sector, including a prolonged period of economic recovery to levels of economic activity before the Covid-19 Pandemic.

Through this analysis, the Company's directors have satisfied themselves that the Company can continue its operational existence for at least until 30 June 2022. The directors consider that the going concern assumption is appropriate and have prepared the financial statements on a going concern basis. This assumes that the company will have adequate resources to continue its operational existence through meeting its liabilities as they come due.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

**KEY PERFORMANCE INDICATORS**

The key performance indicators of the business are the net interest income, calculated as interest income less interest expense (including amortisation of debt issue expenses and issue discount) and the net interest margin, calculated as the percentage of net interest to the interest income. During 2020, the Company recorded net interest income of € 5,161,126 (2019: €3,799,454) and net interest margin of 18.64% (2019: 10.48%). The increase in net interest income and net interest margin for 2020 are in line with management actions to recover incurred costs for the refinancing (refer to financing section of Strategic Report). Such costs have been included within "other income / (expenses)" for the year ended 31 December 2019 and therefore have had no impact on net interest income. Management adjusts the interest rate applied on the lending agreements of the Company in the current and future periods when such costs are recovered. The aforementioned actions conform to the lending agreements the Company has in place with the borrowers.

**SECTION 172 STATEMENT**

Section 172 statement introduced by the Companies (Miscellaneous Reporting) Regulations 2018 requires directors to explain how they have taken into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the Company's shareholders and other stakeholders, including the impact of its activities on the community, the environment, and the Company's reputation, when making decisions.

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

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

The Company being a financing entity with no employees and limited operations of the business, has no direct impact on the community and the environment, consequently are not applicable in the directors' ongoing monitoring processes. The indirect impact on the community and the environment only relates to the fact that it operates within the Group, which belongs to the Oil & Gas industry.

- **Directors' Training**

The Group's Legal Directorate and the Compliance Unit support the Group in operating sustainably and consistently with its values, which include leading with integrity and building enduring relationships. The Group's Legal and Compliance teams provide advice, guidance and support to management and work closely with them in

## **STRATEGIC REPORT (Continued)**

assuring legal and regulatory compliance.

The Group's Code of Conduct, sets out the expectations for the Company's directors, similar to all other directors of the companies within the Group, the Parent company's leadership and employees in terms of responsibility and ethical behaviour.

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

- **Board Composition**

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

- **Stakeholder Engagement**

The principal activity of the Company is to act as a financing company for other entities in the Group, which includes the provision of financing to subsidiaries and fellow Group companies. The Company's key stakeholders are its shareholder, creditors and other Group companies to which it provides support. As part of the Group, the Board must consider how the decisions made on behalf of the Company affect both the shareholder and the other Group companies to ensure the success of the Company and value creation for the shareholder. The Group's treasury activities are coordinated through a central function that manages the financial risks and secures funding for the Group. On behalf of the Company, the Group frequently engages with its creditors, including financial institutions and capital markets as part of the Group's financial risk management processes, to ensure that the Company's levels of borrowings are appropriate for its needs.

- **Principal Decisions**

The Company's Board collectively has the necessary skills and experience required to identify the impacts of its decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

In line with the Regulations and the sole purpose of the Company during the financial year under review, the following principal decisions were made in chronological order:

- Review and authorisation of the annual financial statements of Hellenic Petroleum Finance PLC for the year ended 31 December 2019.
- Approval of issue of debt capital markets notes in euro form, guaranteed by the Parent Company in an aggregate nominal amount of EUR 99.9 million with a coupon of 2.00 per cent. per annum by way of a tap issue related to the EUR 500 million 2.00 per cent. (issued on 4 October 2019).

On behalf of the Board

Christian Thomas  
Director  
14 April 2021

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020. The comparative period is the year ended 31 December 2019.

### **GENERAL INFORMATION**

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

### **ENVIRONMENTAL EFFICIENCY**

The Company is a low energy user with annual consumption below 40MWh.

### **FUTURE DEVELOPMENTS**

The €201 million Eurobond matures on 14 October 2021 and will be refinanced either through a new bond issue in 2021 or repaid through redemption of existing lending to Group companies. The €599.9 million Eurobond matures on 4 October 2024.

### **GOING CONCERN**

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

### **DIVIDENDS**

The directors have not recommended a dividend for the current year (2019: €nil).

### **POST BALANCE SHEET EVENTS**

Please refer to Note 16.

### **DIRECTORS**

The directors who served the Company during the year and up to the date of signing the financial statements were as follows:

- Andreas Shiamishis
- Christian Thomas
- Christina Stampoultzi
- Panos Shiatis
- Vasilis Tsaitas
- Nita Savjani
- Kenneth Howard Prince-Wright

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

### **CORPORATE GOVERNANCE**

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

Due to the nature of the securities that have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1, audit committees and 7.2, corporate governance statements (save for DTR 7.2.5 a requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. Specifically, in relation to internal controls the Company has set up an appropriate system of internal controls based on the limited risks associated with the operation of the company and focused on areas such as cash management/ payments, maintaining accurate accounting records and the preparation of financial statements. The system of internal controls provides for adequate segregation of duties and levels of

**DIRECTORS' REPORT (continued)**

authorities and review and forms part of the overall Group's centralised controls framework. In terms of risk management systems, the company's operations are largely performed by the centralised treasury function and all transactions are captured and monitored through the systems in place by the respective Group function. The directors are therefore satisfied that there is no requirement at the company level for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

**FINANCIAL RISK MANAGEMENT**

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

Please also refer to Note 3.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. Under the Financial Conduct Authority's Disclosure and Transparency Rules, financial statements are required to be prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that comply with that law and those regulations. The directors of the ultimate Parent Company are responsible for the maintenance and integrity of the ultimate parent company's website.

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- that the Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

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

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

On behalf of the Board

Christian Thomas  
Director  
14 April 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC**

### **Opinion**

We have audited the financial statements of Hellenic Petroleum Finance PLC (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included consideration over the ability of the company's ultimate parent, Hellenic Petroleum S.A. to honour the commitment provided in a letter of support to the Company for the period to 30 June 2022. This involved obtaining Group management's detailed assessment of the Group's going concern position (assessed to 30 June 2022), challenging the associated cash flow forecast assumptions and obtaining audit evidence to support mitigating factors. This included, but was not limited to:

- Inclusion of an Energy specialist on our audit team with knowledge of refinery margin modelling, likely future pricing and market trends;
- Comparison of recent actual refinery performance levels to that forecast;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

**Conclusions relating to going concern (continued)**

- Critical challenge of the appropriateness and completeness of the sensitivities / stress applied by management which included
  - Developing our own downside sensitivities in relation to trading performance in the forecast period
  - Whilst management's cashflow forecasts anticipate a level of refinancing to occur during the going concern review period based on the financing history of the Group and its relations with financial institutions, we developed additional downside liquidity sensitivities. These sensitivities stress tested the liquidity of the Group by assuming that facilities which expire during and / or shortly after the end of the GC review period, including €100m which renew in quarter four of 2021, were not renewed or replaced.
  - Considering events after the end of the GC review period e.g. facilities of €100m which renew in the subsequent period
  - Considering mitigating actions which could be incorporated into forecasts such as reinstatement of uncommitted dividend outflows
- Calculation of the cash impact of a number of downside scenarios that was then overlaid on management's stressed scenario to understand the headroom position.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 June 2022. Going concern has also been determined to be a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Overview of our audit approach**

Key audit matters	<ul style="list-style-type: none"><li>• Recoverability of loans receivable from group companies and accrued interest income</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall materiality of €4.0m which represents 0.5% of total assets.</li></ul>

**An overview of the scope of our audit**

**Tailoring the scope**

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

**Changes from the prior year**

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

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

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

Risk	Our response to the risk	Key observations communicated to those charged with governance
<p><b>Recoverability of loans receivable from group companies (31 December 2020 - €795.7m, 31 December 2019 - €689.6m) and accrued interest income (31 December 2020 - €6.5m, 31 December 2019 - €8.4m)</b></p> <p><i>Refer to Accounting policies in Note 3 of the Financial Statements (pages 30 to 33); and Note 9,10 and 13 of the Financial Statements (page 36 to 38).</i></p> <p>The Company’s ability to service and redeem Eurobonds depends upon the parent and sister companies’ ability to service and repay the intercompany loan receivables &amp; accrued interest income balances.</p> <p>Management has concluded that the intercompany balance is recoverable based on the underlying financial performance and position of Hellenic Petroleum Group.</p>	<p>We obtained management’s assessment of the recoverability of loans receivable from group companies and accrued interest income and agreed it to underlying documentation.</p> <p>We have obtained evidence to support the financial position and performance of the entities from whom the intercompany receivable is recoverable.</p> <p>We have considered this evidence independently of management, applying appropriate challenge, in order to conclude whether or not management’s assessment that this balance is recoverable is reasonable. This process has included examination of evidence to support the fact pattern of past repayments, assessment of the latest financial position of each counterparty and calculation of any expected credit losses. The latest financial position relates to the actual results as of 31 December 2020 and the forecasts to 30 June 2022.</p> <p>We confirmed through assessment of the Group’s financial position (as discussed in respect of going concern earlier in our report) that the Group as a whole has the ability to support all intercompany loans and accrued interest balances should this be required. A letter of support has been provided to the Company from Hellenic Petroleum S.A demonstrating this commitment.</p>	<p>We concur with the Directors’ assessment that all loans remain recoverable</p> <p>We have concluded that the disclosures in respect of the recoverability of intercompany loan receivables in the financial statements are appropriate.</p>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

### **Our application of materiality**

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

#### **Materiality**

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

We determined materiality for the company to be €4m (2019: €3.5m), which is 0.5% (2019: 0.5%) of total assets. We believe that total assets provide us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity.

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

#### **Performance materiality**

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

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely €3m (2019: €2.6m).

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

#### **Reporting threshold**

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

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of €200,000 (2019: €175,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

#### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

### **Other information (continued)**

performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

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

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

**Use of our report**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)**

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

Notes:

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

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

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**STATEMENT OF COMPREHENSIVE INCOME**

		<b>For the year ended 31 December</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>€</b>	<b>€</b>
Interest income	<b>15</b>	27,685,773	36,256,514
Interest expense	<b>6</b>	(22,524,647)	(32,457,060)
<b>Net interest income</b>		<b>5,161,126</b>	<b>3,799,454</b>
Administrative expenses	<b>7</b>	(422,322)	(459,739)
Other income / (expenses)	<b>13</b>	-	(24,752,172)
Net foreign exchange gains / (losses)		(43,367)	711
<b>Profit / (Loss) before income tax</b>		<b>4,695,438</b>	<b>(21,411,746)</b>
Income tax	<b>8</b>	3,257,978	(74,873)
<b>Profit / (Loss) for the year</b>		<b>7,953,416</b>	<b>(21,486,619)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>7,953,416</b>	<b>(21,486,619)</b>

The notes on pages 23 to 41 form an integral part of these financial statements.

**Hellenic Petroleum Finance PLC**

Annual report and financial statements for the year ended 31 December 2020

**STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
	Note	2020	2019
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans and receivables	3,9	721,720,000	689,620,000
Deferred Tax Asset	8	3,176,099	-
		<u>724,896,099</u>	<u>689,620,000</u>
<b>Current assets</b>			
Loans and receivables	3,9	74,000,000	-
Accrued income and prepayments	10	6,505,369	8,450,545
Cash and cash equivalents	11	341,706	99,687
Income Tax Receivable	8	972,462	-
		<u>81,819,537</u>	<u>8,550,232</u>
<b>TOTAL ASSETS</b>		<b><u>806,715,636</u></b>	<b><u>698,170,232</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Ordinary share capital	12	10,000,000	10,000,000
Retained earnings		(958,604)	(8,912,020)
<b>Total equity</b>		<b><u>9,041,396</u></b>	<b><u>1,087,980</u></b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	13	591,574,386	692,157,047
<b>Current liabilities</b>			
Interest bearing loans and borrowings	13	200,717,785	-
Income tax payable		-	52,188
Interest payable and other liabilities	14	5,382,069	4,873,017
		<u>206,099,854</u>	<u>4,925,205</u>
<b>Total liabilities</b>		<b><u>797,674,240</u></b>	<b><u>697,082,252</u></b>
<b>Total equity and liabilities</b>		<b><u>806,715,636</u></b>	<b><u>698,170,232</u></b>

These financial statements on pages 19 to 41 were approved by the Board of directors on 14 April 2021 and signed on its behalf by:

Christian Thomas  
Director

The notes on pages 23 to 41 form an integral part of these financial statements.  
Company Registration Number: 05610284

**Hellenic Petroleum Finance PLC**Annual report and financial statements for the year ended 31 December 2020

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**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

	<b>Ordinary Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	€	€	€
Balance at 1 January 2019	10,000,000	12.574.599	22.574.599
Total comprehensive income / (loss) for the year	-	(21,486,619)	(21,486,619)
Balance at 31 December 2019 and 1 January 2020	10,000,000	(8,912,020)	1,087,980
Total comprehensive income / (loss) for the year	-	7,953,416	7,953,416
<b>Balance at 31 December 2020</b>	<b>10,000,000</b>	<b>(958,604)</b>	<b>9,041,396</b>

The notes on pages 23 to 41 form an integral part of these financial statements.

**Hellenic Petroleum Finance PLC**

Annual report and financial statements for the year ended 31 December 2020

**STATEMENT OF CASH FLOWS**

	Note	For the year ended 31 December	
		2020	2019
		€	€
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax		4,695,438	(21,411,746)
<i>Adjustments for:</i>			
Amortisation of deferred borrowing costs	6	1,351,941	2,110,842
Finance income – net, including issue discount amortisation		(6,513,067)	(5,910,296)
Premium, bond tender offer fees and write-off of unamortised expenses		-	24,752,235
<b>Net changes in assets/liabilities relating to operating activities</b>			
Decrease / (increase) in prepayments	10	6,367	5,027
Increase / (decrease) in other payables	14	(4,457)	160,267
<b>Cash flows from operating activities</b>		<b>(463,779)</b>	<b>(293,671)</b>
Income tax paid		(942,770)	(53,746)
<b>Net cash used in operating activities</b>		<b>(1,406,549)</b>	<b>(347,417)</b>
<b>Cash flows from investing activities</b>			
Loans granted to related parties	15	(308,851,000)	(243,352,189)
Loan repayments received from related parties	15	202,751,000	338,275,160
Interest received	10,15	29,624,583	41,975,727
<b>Net cash generated from investing activities</b>		<b>(76,475,417)</b>	<b>136,898,698</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13	98,326,575	497,050,000
Repayment of borrowings	13	-	(568,204,000)
Interest paid		(19,803,090)	(38,371,228)
Loan fees paid	13	(399,500)	(5,548,933)
Premium and other fees paid for bond tender offer		-	(23,464,489)
<b>Net cash used in financing activities</b>		<b>78,123,985</b>	<b>(138,538,650)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>242,019</b>	<b>(1,987,369)</b>
Cash and cash equivalents at the beginning of the year	11	99,687	2,087,056
<b>Cash and cash equivalents at the end of the year</b>	11	<b>341,706</b>	<b>99,687</b>

The notes on pages 23 to 41 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

### 2. ACCOUNTING POLICIES

#### **Basis of preparation**

Having consulted with the Parent Company's directors and taking into account all the relevant information available to them including the investment plans, business strategy and financial position of the Group, and as described in detail below ("**Going Concern**"), as well as the written support obtained from the Parent Company in order to further support the Company in meeting its liabilities as and when they fall due, the directors consider the financial position of the Company to be satisfactory, and expect the business to continue at least until 30 June 2022 and for the foreseeable future.

#### **Going Concern – The Group**

The Group's consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 25 February 2021. The Group's operating results in 2020 reported a net loss of €397 million (2019: €164 million gain). The net loss is primarily a result of an unfavourable refining environment, mainly affected by the Covid-19 pandemic. The principal reasons for the reported loss along with the considerations made by the directors of the Group in relation to the use of the Going Concern assumption in preparing the Group's consolidated financial statements are described below:

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

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

The strict containment measures gradually relaxed during May leading to a partial recovery of the domestic demand during the summer. However, following a steady increase of infections during summer and especially since August, the Greek Government reintroduced measures and restrictions to contain the spread of the coronavirus. Despite the measures taken during the previous months, in the last months of the year the situation in the country deteriorated further with a considerable rise in the number of infections and new virus variants emerging, and the government announced even more strict measures, including lockdowns, in order to control the spread of the pandemic and ensure public health.

The decline in crude oil prices during the second quarter of the year, the sustained drop in refining margins throughout the year and the fluctuations in demand stemming from mobility restrictions, have affected the financial results of the Group resulting in declined profitability and high inventory valuation losses. However, the above have not altered the Group's strategic orientation or targets and the current operations are largely unaffected.

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

These initiatives include:

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

- Utilizing digital technology and upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid19 cases.
- Continuously keeping employees up to date, along with ongoing health support (medical network, psychological support line).
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

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

**Greek Macros:** During 2020, the coronavirus pandemic affected significantly the global and Greek economy and disrupted the global financial stability. The growth prospects (which were positive during the first two months of the year) were reversed and the Greek economy was led into a deep recession.

GDP increased by 2.7% in the fourth quarter of 2020 compared to the previous quarter (GDP decreased by 7.9% as compared to the corresponding period in 2019) reflecting the impact of the pandemic and the containment measures imposed by the Greek government. The increase in GDP during the third quarter was driven mainly by an increase in private consumption and imports partially offset by a drop in exports and investment.

Total domestic fuels consumption for the year decreased by 7.6% compared to 2019 (total demand for motor fuels decreased by 12.3%) mainly affected by lower demand for gasoline and auto diesel, as a result of mobility restrictions to counter the effects of the coronavirus outbreak partly offset by the increased demand for heating gasoil.

The outbreak of Covid – 19 is expected to continue to have a negative impact on the Greek and global economy during 2021, affecting the public debt and unemployment rate as well as the non-performing loans and the investments. The containment measures imposed by the Greek government due to the outbreak of Covid -19 also had a significant impact on demand and private consumption. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

**Prices:** Commodity price risk management is supervised by a Risk Management Committee, which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units. During the year ended on 31 December 2020, the Group entered into certain derivatives to hedge cash flows related to purchases and sales of crude oil and petroleum products. The Group also entered into a derivative transaction to hedge the cash flow risk arising from the re-acquisition of the CO2 certificates disposed in December 2020, in time to fulfil its obligation as part of the EUA scheme.

**Securing continuous crude oil supplies:** The developments in the global and regional crude oil markets during 2020 (outbreak of Covid-19 and the containment measures imposed by the majority of countries worldwide) resulted in a significant decrease in the cost of raw material for the Group. Average international crude oil reference prices in 2020 decreased by about 34% compared to average prices in 2019. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum S.A.'s refinery, improving the competitive position of Med refiners vs. their global peers. The Group was able to take advantage of this development and diversify its crude basket. In the context of the above the Group was able to capture opportunities in contango trades for crude and products by utilizing its available storage capacity. The oil sector is anticipated to gradually recover during 2021, especially as the distribution of vaccines is expected to play

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

an important role. However, the new virus variants, the delays in the commencement of vaccination programs and the potential that the vaccines could be less effective than expected, pose major risks to the expected recovery.

**Financing of operations:** The key priorities of the Group 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. As a result of these key priority initiatives and in line with its medium-term financing plan, the Group has maintained a mix of committed long-term credit facilities and uncommitted short-term credit facilities by taking into consideration bank and debt capital markets’ credit capacity as well as cash flow planning and commercial requirements. As of 31 December 2020, approximately 86% of total debt (about 70% as of 31 December 2019), is financed by long-term committed credit lines (maturing over 12 months after 31 December 2020) while the remaining debt is being financed by short term credit facilities (bilateral lines).

During the period of 2020 up to the date of approval of Hellenic Petroleum Finance annual financial statements, the Group has successfully renewed all borrowings maturing within the period and additionally, on October 2020, Hellenic Petroleum Finance, successfully issued €99.9 million of new notes principal amount, with a yield of 2.42% reaffirming its relationships with key financial institutions which constitute the majority of the existing debt providers of the Group.

At 31 December 2020, the Group held cash of €1,202 million and had a positive working capital position. Its total loans and borrowings amount to €2,875 million, of which an amount of €767 million falls due until 30 June 2022 with the remaining of the balance spread over a period of 4 years enabling controlled refinancing. Of its total borrowings, €2,475 million relate to committed term facilities and €400 million to uncommitted facilities repayable on demand. For more details in relation to the maturity profile of Group borrowings refer to Note 17 of the Group’s financial statements.

With reference to the refinancing of borrowings maturing until 30 June 2022, the Group’s intention is to either refinance through rolling over existing borrowings or through the issue of a new Eurobond. For further details refer to Note 3 of the Group’s financial statements.

Moreover, should further funding be required, the Group can draw from committed term facilities limits €198 million without further approvals as well as from uncommitted facilities €412 million, subject to approvals from the respective financial institutions. Specifically, for the aforementioned uncommitted facilities, the Group expects that such approvals will be granted, based on the financing history of the Group and its relations with the financial institutions. Based on their assessment, taking into account the above and also their financial forecasts until 30 June 2022. Management is satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

**Conclusion on the use of the going concern assumption in the preparation of the Group’s consolidated financial statements:** Management has considered the impact of the Covid-19 pandemic up to the date of authorization of Group’s consolidated financial statements and reassessed its plans for the period until 30 June 2022 considering the deterioration in the economic environment and the impact on the financial performance of the Group. The profitability in the plans that Management examined are most sensitive to factors described above. The Group management concludes that, although Covid-19 may continue to have a significant impact on the Group’s operations in 2021, such impact will be absorbable and does not imperil the long-term viability of the Group. Also see “Going Concern – The Company” section including the key considerations on the Group’s projections of cash flow forecasts.

Based on the analysis performed and the refinancing plan which are in the process of executing, management is satisfied that it can meet all its obligations as they fall due in the period of at least until 30 June 2022 and that there are no material uncertainties that may cast doubt on the Group’s ability to operate as a going concern.

**Going Concern – The Company**

At 31 December 2020, Hellenic Petroleum Finance PLC had net current liabilities of €124,280,317 (2019: net current assets of €3,625,027). The Company’s receivables are predominantly intercompany loans, the recovery of which is used to enable the Company to satisfy its obligations under its borrowings consisting of Eurobonds. Loans provided by the Company reflect the maturity of the loans raised from the capital markets by the Company. Also, the Company may ask the counterparties to repay either part of their loans or the whole loan for restructuring purposes among the Group companies and always after considering the counterparty’s ability to repay the respective amount at a given point in time. The borrower must repay the loan on demand by the lender at any time. All loans shall, if not demanded previously, be repaid after a number of years specified in each agreement (see also Note 9). As such the company will have sufficient liquidity to meet its obligations maturing until 30 June 2022. The next scheduled upcoming Eurobond repayment,

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

with an outstanding amount of €200,717,785, is due in October 2021. The Company is therefore reliant on the wider Hellenic Petroleum Group to repay its borrowings as they become due. In addition, the parent Company, Hellenic Petroleum S.A. has provided a guarantee for the repayment of the Eurobonds.

The directors have obtained a letter of support from the Parent Company. This letter states that Hellenic Petroleum S.A. will provide financial support to Hellenic Petroleum Finance PLC for a period of at least until 30 June 2022.

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

Through this analysis, the Company's directors have satisfied themselves that the Company can continue its operational existence for at least until 30 June 2022. The directors consider that the going concern assumption is appropriate and have prepared the financial statements on a going concern basis. This assumes that the company will have adequate resources to continue its operational existence through meeting its liabilities as they come due.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

A summary of the most important accounting policies which have been used for the preparation of these financial statements is set out below. These policies have been applied consistently for the years presented, unless otherwise stated. The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 "Critical accounting estimates and judgements". These estimates are based on management's best knowledge of current events and actions; actual results ultimately may differ from those estimates.

**Changes in accounting policies and disclosures**

New standards, amendments to standards and interpretations of existing standards are detailed in the Group's consolidated financial statements available at Hellenic Petroleum S.A. website ([www.helpe.gr](http://www.helpe.gr)). The below new standards have been adopted by the Company as of 1 January 2020, however they did not have a significant impact on the financial statements for the year ended 31 December 2020.

- Conceptual Framework in IFRS standards: The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments). The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

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

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

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

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

- IFRS 16 (Amendment) 'Covid-19-Related Rent Concessions' (effective for annual periods beginning on or after 1 June 2020): The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
  - There is no substantive change to other terms and conditions of the lease.
- IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2023): The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The amendments have not yet been endorsed by the EU.
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform – Phase 2' (effective for annual periods beginning on or after 1 January 2021). 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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

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. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. 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. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

- 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. Hellenic Petroleum S.A. Consolidated Financial Statements in accordance with IFRS for the year ended 31 December 2020 (All amounts in Euro thousands unless otherwise stated) (13) / (82)
  - 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.
- 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.

**Foreign currency translation****(a) Functional and presentational currency**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

## (b) Transactions and balances

Foreign currency balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end, are recognised in the statement of comprehensive income.

**Interest income and interest expense**

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

**Income tax**

The income tax expense or credit for the period, is the tax estimated on the current period's taxable income based on the applicable income tax rate, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income.

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income.

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

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

**Financial Assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. ACCOUNTING POLICIES (continued)**

At 31 December 2020 and 2019, the Company had no financial assets at fair value through profit or loss or at fair value through other OCI.

*Financial assets at amortised cost*

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

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

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

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

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, such as a deterioration in counterparties' credit ratings, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For financial assets that are credit impaired, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) and interest income is calculated based on the gross carrying amount of the financial asset less ECL.

**Borrowings**

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

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. At the end of the reporting period payable amounts of bank overdrafts are included within borrowings in current liabilities on the statement of financial position. In the statement of cash flows, bank overdrafts are shown within financing activities.

In cases where an existing borrowing of the Company is renegotiated, this might result in modification or an exchange of borrowings with the lenders that could be carried out in a number of ways. Whether a modification or exchange of borrowings represents a settlement of the original debt, or merely a renegotiation of that debt, determines the accounting treatment that should be applied by the borrower. When the terms of the existing borrowings are substantially different

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **2. ACCOUNTING POLICIES (continued)**

from the terms of the modified or exchanged borrowings, such a modification or exchange is treated as an extinguishment of the original borrowing and any difference arising is recognised in profit and loss.

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

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

#### **Cash and cash equivalents**

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

#### **Share capital**

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

#### **Other liabilities**

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

### **3. FINANCIAL RISK MANAGEMENT**

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

#### **Financial risk management**

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

##### (a) Credit risk

The principal credit risk to the Company is that the borrowers will not be able to meet their obligations as they fall due. The risk is minimised by the fact that the loans are provided to the Parent Company and other subsidiaries of the Group, the credit quality of which is continuously monitored and assessed by the Company. None of the loans granted are either past due or impaired. Refer also to Note 9.

##### (b) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom through committed credit facilities. The Company maintains flexibility in its funding through the use of committed credit facilities and, moreover, by granting loans to the Group companies which are payable on demand or have a maturity period less than those of the related borrowings. The €201 million Eurobond matures on 14 October 2021 and will be refinanced either through a new bond issue in 2021 or repaid through redemption of existing lending to Group companies. The €599.9 million Eurobond matures on 4 October 2024.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**3. FINANCIAL RISK MANAGEMENT (continued)**

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

	Less than 1 year €	Between 1 to 5 years €	Total €
<b>As at 31 December 2020</b>			
Loan receivable from Group companies	74,000,000	721,720,000	795,720,000
Accrued interest income	6,496,568	-	6,496,568
<b>Total</b>	<b>80,496,568</b>	<b>721,720,000</b>	<b>802,216,568</b>
Debt issued and other borrowings	220,814,117	632,993,385	853,807,502
Interest payable and other liabilities	5,382,069	-	5,382,069
<b>Total</b>	<b>226,196,186</b>	<b>632,993,385</b>	<b>859,189,571</b>

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

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

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

**(c) Interest rate risk**

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which settle at different dates. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of floating rate assets and, where applicable, floating rate liabilities are similar and by adjusting, if necessary, the interest rate on its financial assets in order to match that of any fixed rate liabilities. At 31 December 2020, the Company had total borrowings amounting to €797 million (2019: €698 million) of fixed coupons Eurobonds.

**Re-pricing analysis**

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

Assets and liabilities are allocated into time bands according to their re-pricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments. The re-pricing of the variable interest rate of loan

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**3. FINANCIAL RISK MANAGEMENT (continued)**

receivables from Group Companies is reviewed on an ad-hoc basis and at least annually to match the liabilities so that the Company meets its obligations as they fall due. For further details regarding the terms and conditions of the loan receivables' agreements refer to Note 9.

As at December 2020	Total €	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €
<b>Assets</b>				
Loans receivable from Group companies	795,720,000	74,000,000	-	721,720,000
Accrued interest income	6,496,568	6,496,568	-	-
<b>Total assets</b>	<b>802,216,568</b>	<b>80,496,568</b>	<b>-</b>	<b>721,720,000</b>
<b>Liabilities</b>				
Borrowings	797,104,552	200,930,036	-	596,174,516
Accrued interest expense	5,061,170	5,061,170	-	-
<b>Total liabilities</b>	<b>802,165,722</b>	<b>205,991,206</b>	<b>-</b>	<b>596,174,516</b>
<b>Total interest sensitivity gap</b>	<b>50,846</b>	<b>(125,494,638)</b>	<b>-</b>	<b>125,545,484</b>
As at December 2019	Total €	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €
<b>Assets</b>				
Loans receivable from Group companies	689,620,000	-	520,000	689,100,000
Accrued interest income	8,435,377	8,435,377	-	-
<b>Total assets</b>	<b>698,055,377</b>	<b>8,435,377</b>	<b>520,000</b>	<b>689,100,000</b>
<b>Liabilities</b>				
Borrowings	697,921,870	-	200,735,127	497,186,743
Accrued interest expense	4,547,661	4,547,661	-	-
<b>Total liabilities</b>	<b>702,469,531</b>	<b>4,547,661</b>	<b>200,735,127</b>	<b>497,186,743</b>
<b>Total interest sensitivity gap</b>	<b>(4,414,154)</b>	<b>3,887,716</b>	<b>(200,215,127)</b>	<b>191,913,257</b>

**Effective interest rates**

The weighted average effective interest rates were as follows:

	2020	2019
Loans receivable		
- Euro floating	3.80%	5.43%
Loans payable		
- Euro fixed	3.10%	4.83%

**Interest rate sensitivity**

The Company's sensitivity to interest rates is limited as any changes in interest rates on the loans received are passed directly to the loans granted to other members of the Group. The directors therefore consider that there would be minimal change in the net profit / (loss) for the year and net assets attributable to shareholders' equity for the year ended 31 December 2020 should interest rates have moved upwards or downwards by 100bps.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. FINANCIAL RISK MANAGEMENT (continued)**

(d) Foreign exchange risk

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

(e) Capital risk management

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

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

The gearing ratios at 31 December 2020 and 2019 were as follows:

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Total Borrowings (Note 13)	792,292,171	692,157,047
Less: Cash and cash equivalents (Note 11)	(341,706)	(99,687)
<b>Net Debt</b>	<b>791,950,465</b>	<b>692,057,360</b>
Total Equity	9,041,396	1,087,980
<b>Total Capital Employed</b>	<b>800,991,861</b>	<b>693,145,340</b>
<b>Gearing Ratio</b>	<b>98.9%</b>	<b>99.8%</b>

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**i) Critical accounting estimates**

*(a) Effective interest rate method*

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

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

*(b) Recoverability of intercompany loans*

In assessing the recoverability of intercompany loans, the Company utilizes internal and/or external information where available, to determine the expected credit loss. Probability of Default ratios ("PDs"), are obtained directly by an external provider whilst the Loss Given Default ("LGD") is estimated through internal information. The Company estimated if either of the aforementioned key assumptions used increased by 25%, with the other variable held constant, the impact on the expected credit loss on the loans receivable would be €42 thousands for the change in PD and €38 thousands for the change in LGD.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)***(c) Recoverability of deferred tax assets*

Deferred tax assets include certain amounts which relate to carried forward tax losses. The Company makes assumptions on whether these deferred tax assets will be recoverable based on the forecasted taxable income, determined through the differential of cost of borrowings, which is known, and the interest margin applied in its on-lending, that inter-alia includes the cost of borrowings.

**ii) Critical accounting judgements***Determination of debt restructuring*

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

**5. SEGMENTAL REPORTING**

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

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

**6. INTEREST EXPENSE**

	<b>2020</b>	<b>2019</b>
	€	€
Interest expense on borrowings	21,172,706	30,346,218
Amortisation of deferred borrowing cost	1,351,941	2,110,842
	<b>22,524,647</b>	<b>32,457,060</b>

**7. ADMINISTRATIVE EXPENSES**

	<b>2020</b>	<b>2019</b>
	€	€
Professional fees	21,923	23,750
Fees payable to the Company's auditors for the audit of the Company's financial statements	45,200	39,600
Fees for tax services	13,452	14,640
Bank charges	5,846	5,295
Company administration and director fees	57,783	47,358
Consulting fees	260,400	293,927
Legal fees	17,718	14,512
Other expenses	-	20,657
	<b>422,322</b>	<b>459,739</b>

The auditors' remuneration for the year ended 31 December 2020 was €40,000 net of VAT (2019: €35,000). Non-audit remuneration was nil for 2020 (2019: €127,000 which related to bond issuance fees and were capitalised).

The Company has no employees. Directors remuneration for the year, included in the table above in "Company administration and director fees" was €28,343 (2019: €28,037) (Note 15).

Where certain directors were employed by and/or participated in the board of directors ("the Board") of other member

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. ADMINISTRATIVE EXPENSES (continued)**

companies of the Group, they received no emoluments from any other member of the Group, in their capacity as directors of the Company.

**8. INCOME TAX**

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

	<b>2020</b>	<b>2019</b>
Current tax	-	(74,873)
Prior year tax	74,873	-
Deferred tax	3,176,099	-
Other	7,006	-
<b>Income tax (expense) / credit</b>	<b>3,257,978</b>	<b>(74,873)</b>

The standard rate of Corporation Tax in the UK throughout 2020 was 19% (2019: 19%).

**Reconciliation of effective tax rate**

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Profit / (loss) before tax for the year	4,695,438	(21,411,746)
Tax (expense) / credit on profit / (loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(892,133)	4,068,232
Tax losses for which no deferred tax was recognised	-	(4,068,232)
Adjustment to prior year's income tax	74,873	-
Utilisation of tax losses carried forward	892,133	-
Deferred tax asset recognised on tax losses	3,176,099	-
Permanent adjustment	-	(74,873)
Other movements	7,006	-
<b>Total income tax (expense) / credit in the statement of comprehensive income</b>	<b>3,257,978</b>	<b>(74,873)</b>

In 2019 the Company had tax losses due to the €23 million premium paid for the 2021 maturing bond's refinancing, for which it did not recognize any deferred tax asset. This premium is being recovered by the Company within the new bond's tenor up to October 2024 resulting in increased profits in the current and future periods. Further, the Company has recognized a deferred tax asset of €3.2 million on the total tax attributes available to carry forward as at 31 December 2020, which amounted to €16.7 million. Based on UK tax provisions, there is no time limit to carry forward and recover these tax losses. The Company has assessed that the deferred tax asset recognized in 2020 will be recovered until October 2024 through the profits that will arise through the annual recovery of the remaining aforementioned premium amount.

In March 2020, the UK government utilised the Provisional Collection of Taxes Act 1968 to maintain the main corporation tax rate at 19% (previously 17%) which was substantively enacted on 17 March 2020. In March 2021, the UK government announced a proposed increase in the tax rate from 19% to 25% with effect from 1 April 2023. This rate change was not enacted at the balance sheet date and therefore deferred tax has been recognised at 19%. The proposed rate change will impact the value of the deferred tax asset in future periods.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. INCOME TAX (continued)**

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

	<b>2020</b>	<b>2019</b>
<b>Beginning of the year</b>	-	-
Income statement (expense) / credit	3,176,099	-
<b>End of year</b>	<b>3,176,099</b>	-

The deferred tax asset's closing balance is analysed as follows:

	<b>2020</b>	<b>2019</b>
Tax losses carried forward	589,504	-
Disallowed (timing difference) corporate interest carried forward	2,586,595	-
<b>End of year</b>	<b>3,176,099</b>	-

**9. LOANS AND RECEIVABLES**

The loans receivable relate to periodic loans granted to companies within the Group. The loans bear interest at various margins over EURIBOR (2019: margin over EURIBOR). More specifically:

The loan agreements with the counterparties, have similar terms which are summarized below:

- The lender makes available to the borrower an uncommitted loan facility up to an agreed amount.
- The borrower may borrow an amount up to the facility agreement, subject always to the consent of the lender.
- The borrower must repay the loan on demand by the lender at any time. All loans shall if not demanded previously be repaid after a number of years specified in each agreement.
- The borrower pays interest at a rate notified by the lender.

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

As at 31 December 2020, the carrying amounts of the loan receivables between the Group and the Company are denominated in Euro (Note 15). Loans granted by the Company to the parent company and other Group subsidiaries mirror HPF's credit risk and carry zero interest rate risk, accordingly the fair values of loans and receivables approximate their carrying amount.

At each reporting date, in accordance with the requirements of IFRS 9, the Company performs an assessment regarding the recoverability of the loans receivable (Note 4), taking into account the current probability of default, as well as the estimated loss given default rate for each counterparty and the total amount of the respective loan. Based on the assessment performed at 31 December 2020, the Company concluded that the expected credit losses of these loans were immaterial and no impairment loss was recorded.

**10. PREPAYMENTS AND ACCRUED INCOME**

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Accrued interest income	6,496,568	8,435,377
Prepaid expenses	8,801	15,168
	<b>6,505,369</b>	<b>8,450,545</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	€	€
Cash at bank	341,706	99,687
	<b>341,706</b>	<b>99,687</b>

**12. ORDINARY SHARE CAPITAL**

	<b>Numbers of Shares (authorised and issued)</b>	<b>Share Capital €</b>	<b>Total €</b>
As at 1 January and 31 December 2019	6,970,000	10,000,000	10,000,000
<b>As at 31 December 2020</b>	<b>6,970,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

The authorised share capital of the Company is split into 6,970,000 ordinary shares of £1 each. The issued share capital consists of 6,970,000 £1 paid ordinary shares.

The issued share capital is reflected in the financial statements based on the prevailing €/£ exchange rate at the time it was issued, which was 1.435.

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

**13. INTEREST BEARING LOANS AND BORROWINGS**

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	€	€
<b>Non-current borrowings</b>		
Eurobond	596,174,516	697,921,870
Unamortised Eurobond fees	(4,600,130)	(5,764,823)
<b>Non-current borrowings</b>	<b>591,574,386</b>	<b>692,157,047</b>
<b>Current borrowings</b>		
Eurobond	200,930,036	-
Unamortised Eurobond fees	(212,252)	-
<b>Total current borrowings</b>	<b>200,717,785</b>	<b>-</b>
<b>Total borrowings</b>	<b>792,292,171</b>	<b>692,157,047</b>

At 31 December 2020, outstanding borrowings consisted of Notes issued under Eurobond transactions as described below. The Notes are guaranteed by the Parent Company.

***Eurobond €201m maturing in October 2021***

In October 2016, HPF issued a €375 million 5 year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.453 per cent. of the principal amount. The proceeds of the issue were used to repay existing financial indebtedness including a partial prepayment of a €500 million Eurobond maturing in May 2017. The latter was effected via a tender offer process where notes of nominal value of €225 million were accepted. In July 2017 Hellenic Petroleum S.A. issued a notional amount of €74.53 million of notes guaranteed by Hellenic Petroleum S.A. maturing in October 2021 which were consolidated and form a single series with the €375 million 4.875% guaranteed notes as per above. The notes were partially prepaid in October 2019 with the proceeds of a new Eurobond issue of €500 million 5 year Eurobond as detailed below. The balance of the notes as at 31 December 2020 was €201 million.

***Eurobond €599m maturing in October 2024***

In October 2019, HPF issued a €500 million five-year 2% Eurobond guaranteed by Hellenic Petroleum S.A. with the

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. INTEREST BEARING LOANS AND BORROWINGS (continued)**

issue price being 99.41 per cent. of the principal amount. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248.4 million were accepted. On October 5th, 2020, HPF, successfully priced €99.9 million of new notes principal amount, with a yield of 2.42%. These form a single series with HPF's existing notes due October 2024 and were offered through a private placement. The issue of the new notes was subscribed by selected institutional investors, with the European Bank for Reconstruction and Development participating at 75% of the issue.

The Company has not experienced any defaults in relation to payment of principal, interest or other breaches with regards to its borrowings in 2020 or as at the date of approval of these financial statements. The proceeds of the aforementioned facilities have been used to provide loans to the Parent Company and other members of the Group.

The table below presents the changes in liabilities arising from financing activities for the year ended 31 December 2020.

	<b>1 January 2020</b>	<b>Cash flows – borrowings</b>	<b>Cash flows – bond fees</b>	<b>Non-cash movements</b>	<b>31 December 2020</b>
	€	€	€	€	€
Non-current Eurobonds	491,894,376	98,326,575	(399,500)	1,752,935	591,574,386
Current Eurobonds	200,262,671	-	-	455,114	200,717,785
<b>Total liabilities from financing activities</b>	<b>692,157,047</b>	<b>98,326,575</b>	<b>(399,500)</b>	<b>2,208,049</b>	<b>792,292,171</b>

“Cash flows – bond fees” column includes the bond issue expenses paid and capitalised.

“Non-cash movements” column includes the effect of reclassification of non-current portion of bank borrowings to current due to passage of time as well as the amortization of deferred borrowing costs and issuance below par.

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

	<b>Book value</b>	<b>Fair value</b>
	€	€
<b>As at December 2020</b>		
Eurobond €599m – October 2024	591,574,386	594,339,000
Eurobond €201m – October 2021	200,717,785	207,926,000
<b>Total</b>	<b>792,292,171</b>	<b>802,265,000</b>
<b>As at December 2019</b>	€	€
Eurobond €500m – October 2024	491,894,376	504,170,000
Eurobond €201m – October 2021	200,262,671	214,101,469
<b>Total</b>	<b>692,157,047</b>	<b>718,271,469</b>

The fair values of the Eurobonds are within level 1 of the fair value hierarchy as their fair value is estimated through quoted prices (unadjusted) in an active market.

As at March 2021 the Company's Euro denominated Eurobonds on average trade very close to par value and as such there is no significant change to the fair values reported in the table above.

No other borrowings existed as at 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. INTEREST PAYABLE AND OTHER LIABILITIES**

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	€	€
Accrued interest payable	5,061,170	4,547,661
Other payables	320,898	325,356
	<b>5,382,068</b>	<b>4,873,017</b>

**15. RELATED PARTY TRANSACTIONS AND BALANCES**

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

During the year the Company provided loans to other members of the Group. At 31 December 2020 and 2019 the following loans were outstanding:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	€	€
Hellenic Petroleum S.A. (Parent Company)	587,500,000	656,900,000
Hellenic Petroleum International A.G. (Fellow subsidiary)	173,200,000	24,200,000
Hellenic Fuels and Lubricants S.A. (Fellow subsidiary)	8,000,000	8,000,000
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	27,020,000	520,000
<b>Total</b>	<b>795,720,000</b>	<b>689,620,000</b>

Interest charged on these loans during the year amounted to €27,685,773 (2019: €36,256,514) of which €6,496,568 was outstanding at 31 December 2020 (31 December 2019: €8,435,377) (Note 10).

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

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	€	€
Hellenic Petroleum S.A. (Parent Company)	20,747,038	34,015,704
Hellenic Petroleum International A.G. (Fellow subsidiary)	6,319,415	1,690,469
Hellenic Fuels and Lubricants S.A. (Fellow subsidiary)	311,364	433,998
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	307,956	116,343
<b>Total</b>	<b>27,685,773</b>	<b>36,256,514</b>

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

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	€	€
HELPE International Consulting S.A. (Fellow subsidiary)	260,400	339,760
	<b>260,400</b>	<b>339,760</b>

The personal director nominated by TMF Global Services Limited ('TMF') that provides directorship services to the Company, has not received director emoluments in her personal capacity. The personal directorship fee to TMF amounted to €6,184 (2019: €6,280). Additionally, directors acting as physical directors were entitled to a total remuneration of €28,343 (2019: €21,757).

Where certain directors were employed by and/or participated in the board of directors ("the Board") of other member

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

companies of the Group, they received no emoluments from any other member of the Group, in their capacity as directors of the Company.

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

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

**16. EVENTS AFTER THE REPORTING PERIOD**

There are no events, after the end of the reporting period and up to the date of approval of the financial statements by the board of directors that have a direct impact on the Company.