ASPROFOS ENGINEERING SA

Financial Statements

according to

International Financial Reporting

Standards ("IFRS") as adopted by the European Union

for the year ended 31 December 2019

ASPROFOS SA

General Commercial Registry (G.E.MI.): 121575601000

COMPANY'S REG. NO.: 4712/01 NT/B/86/654

HEADQUARTERS: 284 EL. VENIZELOU AVENUE, 17675 KALLITHEA

Contents

	Page
Business data	**4**
Statement of Financial Position	**8**
Statement of Comprehensive Income	**9**
Statement of Changes in Equity	**10**
Statement of Cash Flows	**11**
Notes to the financial statements	**13**
1 General information	**13**
2 Summary of Significant Accounting Policies	**13**
2.1 Framework for the preparation of the Financial Statements	13
2.1.1 Going concern	14
2.2. Tangible assets	19
2.3 Intangible assets	20
2.4 Impairment of non-financial assets	20
2.5 Financial assets	20
2.6 Customers and other receivables	22
2.7 Cash and cash equivalents	23
2.8 Share Capital	23
2.9 Employee benefits	23
2.10 Provisions and Contingent Liabilities	24
2.11 Suppliers and other obligations	25
2.12 Current and deferred taxes	25
2.13 Revenue recognition	25
2.14 Leases– IAS 17 applicable until 31 December 2018	26
2.15 Changes in accounting policies	26
3 Financial Risk Management	**26**
4 Significant accounting estimates and assumptions	**28**
5 Tangible assets	**31**
6 Rights-of-use assets	**32**
7 Intangible assets	**33**
8 Deferred tax assets	**34**
9 Customers and other receivables	**35**
10 Cash and cash equivalents	**36**
11 Share Capital	**36**
12 Reserves	**37**
13 Liabilities for personnel benefits due to termination of the service	**38**
14 Suppliers and other obligations	**40**
15 Lease liabilities	**40**
16 Employee Benefits	**41**
17 Revenue from customer contracts	**41**
18 Expenses by category	**42**

19	**Other income**	**43**
20	**Income tax**	**43**
21	**Cash flows for operating activities**	**44**
22	**Contingent liabilities and legal cases**	**45**
23	**Transactions with related parties**	**46**
24	**Subsequent events**	**47**

Business data

Board of Directors : Vasileios Kounelis, BoD Chairperson (until 6/12/2019)

Sarantos Kyriakopoulos, Chairman of the BoD (from 6/12/2019)

Petros Papasotiriou, Managing Director (until 23/1/2020)

Dionysios Belekoukias, Managing Director (from 23/1/2020)

Christoforos Antotsios, member

Nikolaos Pefkianakis, member (from 6/12/2019)

Ioannis Kalathas, member

Stefanos Papadimitriou, member

Spyridon Lattas, member (until 6/12/2019)

Solon Filopoulos, member (Employee Representative, until 26/6/2019)

Konstantinos Kritikos, member (Employee Representative, from 26/6/2019)

Address of Company's Headquarters: 284 El. Venizelou Avenue - 17675 Kallithea, Athens

General Commercial Registry (G.E.MI.): 121575601000

Audit firm: ERNST & YOUNG (HELLAS)

CERTIFIED AUDITORS-ACCOUNTANTS SA

8B CHIMARRAS, 15125 MAROUSSI

SOEL Reg. No. OF COMPANY 107

The annual financial statements are an integral part of the Annual Financial Report, which is available at: https://www.Asprofos.gr

Report by an Independent Certified Auditor-Accountant

To the Shareholders of the company "Asprofos Engineering SA"

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of "Asprofos Engineering SA" (the Company), which comprise of the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the fiscal period that ended on that date, and a summary of significant accounting policies and methods and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all fundamental respects, the financial position of the Company "Asprofos Engineering S.A." as at 31 December 2019, its financial performance and its cash flows for the year that ended then in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Base of opinion

We conducted our audit in accordance with the International Auditing Standards (IAS) included in the Greek Legislation. Our responsibilities, pursuant to these standards, are described further in the section of our report "Auditor's responsibilities relating to the financial statements audit". We are independent of the Company throughout our appointment, in accordance with the Code of Conduct for Professional Auditors of the Board of International Standards of Conduct for Auditors, as it has been incorporated in the Greek Legislation and the requirements of conduct relating to the financial statements audit in Greece, and we have fulfilled our ethical obligations pursuant to the requirements of the applicable legislation and the aforementioned Code of Conduct. We believe that the audit evidence we have obtained are sufficient and suitable to provide a basis for our opinion.

Other information

The Management is responsible for the other information. Other information is included in the Management Report of the Board of Directors, which is referred to the "Report on Other Legal and Regulatory Requirements", and any other information, which is either required by special provisions of law or the Company has incorporated optionally, but does not include the financial statements and the audit report on them.

Our opinion on the financial statements does not cover other information and we do not express, with this opinion, any form of conclusion regarding assurance on them.

As far as our audit on the financial statements is concerned, our responsibility is to read the other information and, in this way, to examine whether the other information is substantially inconsistent with the financial statements or the knowledge we have acquired during the audit or otherwise it appears to be substantially incorrect. If, on the basis of the works we have carried out, we come to the conclusion that there is a substantial error in the other information, we are obliged to report this fact. We have nothing to say about this issue.

Responsibilities of the Management on the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for those safeguards concerning the internal audits that management considers necessary for the preparation of the financial statements exempt from fundamental error due either to deceit or error.

During the financial statements preparation, the Management is responsible for the evaluation of the Company's ability to continue its activity, disclosing - where applicable - the issues relating to the continuing activity and use of the accounting basis of the continuing activity, unless the Management intends either to liquidate the Company or to discontinue their activity or does not have other realistic alternative than to proceed to these actions.

Auditor's responsibilities relating to the financial statements audit

Our goals are to obtain a reasonable assurance about whether or not the financial statements, as a whole, are free of a substantial error, which is due to fraud or error, as well as to issue an auditor's report, which includes our opinion. The reasonable assurance constitutes a high level assurance, but it is not a guarantee that the audit carried out in accordance with the IAS, as they have been incorporated into the Greek Legislation, will always detect a substantial error, where it exists. Mistakes may result from fraud or error and are considered substantial when, individually or together, it could reasonably be expected that they would affect the economic decisions of the users, which are taken based on the financial statements.

As task of the audit, in accordance with the IAS as incorporated into the Greek Legislation, we exercise a professional judgement and we obtain a professional skepticism throughout the audit. Furthermore:

- We identify and evaluate the risks of a substantial mistake in the financial statements, which is due to either fraud or error, by designing and performing audit procedures that correspond to these risks, and we obtain audit evidence that is sufficient and suitable to provide a basis for our opinion. The risk of non-identification of a substantial mistake, which is due to fraud, is higher than the risk, which is due to error, since the fraud can include collusion, forgery, deliberate omissions, false assurances or circumvention of the safeguards concerning the internal audits.

- We understand the safeguards concerning the internal audits that are relevant to the audit, for the purpose of the design of audit procedures, but not for the purpose of an opinion on the effectiveness of the safeguards concerning the internal audits of the Company.

- We evaluate the appropriateness of the accounting principles and practices used and the reasonableness of accounting estimates and the relevant disclosures made by Management.

- We take decisions on the appropriateness of the use by Management of the accounting basis of the continuing activity and on the basis of the audit evidence acquired for whether or not there is a substantial uncertainty regarding facts or conditions, which can indicate a substantial uncertainty regarding the Company's ability to continue its activity. If we come to the conclusion that there is a substantial uncertainty, we are obliged to draw attention in the auditor's report to the relevant disclosures of the financial statements or, if these disclosures are insufficient, to differentiate our opinion. Our conclusions are based on audit evidence acquired until the date of the auditor's report. However, future events or circumstances may have as a result for the Company to discontinue its operation as a continuing activity.

- We evaluate the overall presentation, the structure and the content of the financial statements, including the disclosures, as well as whether or not the financial statements depict the underlying transactions and the facts in a way that the reasonable presentation is achieved.

Among other issues, we disclose to Management the proposed range and the timeline of the audit, as well as important findings of the audit, including any significant omissions we may detect during our audit regarding the safeguards concerning the internal audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration that the management is responsible for the preparation of the Management Report of the Board of Directors, in accordance with the provisions of paragraph 5 of article 2 (part B) of Law 4336/2015, we note that:

a) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of Article 150 of Law 4548/2018 and its content corresponds to the attached financial statements of the fiscal year ended 31 December 2019.

b) Based on the knowledge we acquired during our audit, for the company "Asprofos Engineering SA" and its environment, we have not identified material inaccuracies in the Management Report of the Board of Directors.

c) In note 2.1.1 on the Financial Statements, reference is made to the fact that the Total Equity of the Company, as at 31 December 2019 has become negative, and therefore the conditions of par. 4 of Article 119 of Law 4548/2018 are met, pursuant which the Board of Directors convened the General Meeting of Shareholders on 29/7/2020, in order to take the appropriate measures.

Athens, 29 July 2020

Vasileios Tzifas

SOEL Reg. No. 130011

ERNST & YOUNG (HELLAS)

CERTIFIED ACCOUNTANTS SA

8B CHIMARRAS, 15125 MAROUSSI

SOEL Reg. No. OF COMPANY 107

Statement of Financial Position

	Note	31 December 2019	31 December 2018 Restructured
ASSETS			
Fixed assets			
Tangible assets	**5**	1,603	1,726
Rights-of-use assets	**6**	98	-
Intangible assets	**7**	69	42
Other long-term receivables		11	8
Deferred tax assets	**8**	623	663
		2,404	**2,439**
Current assets			
Customers and other receivables	**9**	2,793	1,937
Cash and cash equivalents	**10**	1,055	72
		3,848	**2,009**
Total Assets		**6,252**	**4,448**
EQUITY			
Share Capital	**11**	6,687	12,030
Reserves	**12**	699	651
Results carried forward		(7,418)	(15,359)
Total equity		**(32)**	**(2,678)**
LIABILITIES			
Long-term liabilities			
Liabilities for personnel benefits due to termination of the service	**13**	3,629	3,797
Lease liabilities	**15**	53	-
		3,682	**3,797**
Short-term obligations			
Suppliers and other obligations	**14**	2,556	3,329
Lease liabilities	**15**	46	**-**
		2,602	**3,329**
Total liabilities		**6,284**	**7,126**
Total Equity and Liabilities		**6,252**	**4,448**

The notes on pages 13-50 are an integral part of these Financial Statements.

Some amounts shown in the Statement of Financial Position do not correspond to the 2018 financial statements and reflect adjustments described in note 2.9.

Statement of Comprehensive Income

	Note	Year ended 31 December 2019	31 December 2018
Revenue from customer contracts	**17**	**11,316**	**12,328**
Cost of goods sold	**18**	(11,773)	(11,436)
Gross profit/(loss)		**(457)**	**892**
Administrative and disposal expenses	**18**	(3,578)	(2,888)
Other income	**19**	31	63
Operating result		**(4,004)**	**(1,933)**
Financial income		4	.
Lease financial expenses	**15**	(2)	-
Financial expenses		(47)	(59)
Net financial expenses		**(45)**	**(59)**
Loss before taxes		**(4,049)**	**(1,992)**
Income tax	**20**	(16)	75
Net losses		**(4,065)**	**(1,917)**
Other total losses			
Items that will not be classified in the statement of profit and loss			
Actuarial gains/(losses) on defined-benefit pension plans	**13**	72	(247)
Deferred tax liability for actuarial losses/ (gains)		(24)	42
Aggregated total losses of the fiscal year		**(4,017)**	**(2,122)**

The notes on pages 13-50 are an integral part of these Financial Statements.

Statement of Changes in Equity

	Note	Share capital	Reserves	Results Carried forward	Total Owner Equity
Balance 1 January 2018		12,030	856	(14,001)	(1,115)
Adjustments for:	2.9			559	559
Balance 1 January 2018 Restructured		12,030	856	(13,442)	(556)
Net actuarial losses on defined-benefit pension plans		-	(205)	-	(205)
Net losses of the fiscal year		-	-	(1,917)	(1,917)
Aggregated total losses of the fiscal year		-	(205)	(1,917)	(2,122)
Balance 31 December 2018		12,030	651	(15,359)	(2,678)
Balance 1 January 2019		12,030	651	(15,359)	(2,678)
Reduction of share capital by offsetting losses	11	(12,006)	-	12,006	-
Share Capital increase	11	6,663	-	-	6,663
Actuarial Gains/(Losses) on defined-benefit pension plans		-	48	-	48
Loss of fiscal year		-	-	(4,065)	(4,065)
Balance 31 December 2019		6,687	699	(7,418)	(32)

The notes on pages 13-50 are an integral part of these Financial Statements.

Statement of Cash Flows

	Note	Year ended 31 December 2019	31 December 2018
Cash flows from operating activities			
Net cash outflows for operating activities	**21**	(5,469)	(167)
Interest paid		(47)	(59)
Net cash outflows for operating activities		**(5,516)**	**(226)**
Cash flows for investments			
Purchases of tangible and intangible assets	**5.7**	(113)	(88)
Interest income		4	-
Net cash outflows for investments		**(109)**	**(88)**
Cash flows from financial activities			
Net cash flows from financial activities			
Share capital increase	**11**	6,662	-
Payment of lease liabilities	**15**	(55)	-
Net cash flows from financial activities		**6.608**	**-**
Net increase / (decrease) in cash and cash equivalents		**983**	**(314)**
Cash and cash equivalents at the beginning of the fiscal period	**10**	72	386
Increase (Decrease) in cash and cash equivalents		983	(314)
Cash and cash equivalents at the end of the fiscal period	**10**	**1,055**	**72**

The notes on pages 13-50 are an integral part of these Financial Statements.

The financial statements for the year 2019 were approved by the Board of Directors on 23/07/2020.

BoD Chairperson	Managing Director	Chief Financial & Administrative Services Officer	Head of Financial Services
Sarantos Kyriakopoulos	Dionysios Belekoukias	Dimitrios Gavriilidis	Anastasia Gkioka

Notes to the financial statements

1 General information

The company ASPROFOS ENGINEERING SA (hereinafter referred to as the "Company" or "ASPOFOS") is a 100% subsidiary of the company HELLENIC PETROLEUM SA (ELPE SA). The Company provides specialized services in the field of industrial investments focusing in the investments of refineries, natural gas and infrastructure projects, ranging from feasibility studies, basic design and detailed design to construction supervision and start-up services.

The Company is headquartered in Greece at 284 El. Venizelou Avenue, Kallithea, P.C. 17675. The Company's website address is ***www.asprofos.gr***.

The Company's term is fixed until 31 December 2100 and may be extended by decision of the General Meeting of shareholders.

Early in 2015, the Company established a branch in Albania, based in Tirana. The branch engaged in the provision of services for the preparation of installation permits concerning the installation of the transatlantic pipeline (TAP) in the Albanian territory, i.e. a project that was terminated during the fiscal year 2016.

The branch, by the decision of the Board of Directors No. 744 dated 30.10.2018, has been indefinitely suspended by decision number CN-016143-11-18 of the Albanian Ministry of Finance.

The accounting principles applied for the calculation and identification of the accounting figures are the same as those applied in the consolidated financial statements of the Hellenic Petroleum Group (the "Group") as at 31 December 2019. The functional currency and the Company's reporting currency is the Euro and the financial data presented in these Financial Statements are expressed in Euro thousands, unless otherwise indicated.

These Financial Statements for the fiscal year ended 31 December 2019 were approved for publication by the Company's Board of Directors on 23 July 2020. The Company's shareholders are able to modify the Financial Statements prior to their Publication.

2 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are presented below. The accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Framework for the preparation of the Financial Statements

The present financial statements of the Company for the year ended on 31 December 2019 have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB) and have been approved by the European Union.

The Financial Statements have been prepared according to the historical cost principle.

The preparation of the Financial Statements in accordance with the IFRS, requires that the Company's Management exercises its judgment as well as estimates in applying the accounting principles for the calculation of various accounting figures. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are stated in note 4 "Critical accounting estimates and assumptions". These estimates are based on the perception of the events and actions by the Company's management and actual events may differ from these estimates.

2.1.1 Going concern

The Financial Statements as at 31 December 2019 have been prepared in accordance with the IFRS and fairly present the Company's financial position, results and cash flows, based on the principle of going concern.

Taking the principle of the going concern into consideration, the Management assessed the following:

Macroeconomic environment: Developments over the last few years have made the macroeconomic and financial environment in the country volatile. Nevertheless, Management continually assess the situation in order to ensure that all necessary and possible measures and actions are taken in time to minimise any impact on the Company's activities.

In order to assess the possible impact on its liquidity and financial performance, under the stressful conditions of the Covid-19 pandemic, the Company carried out alternative budget scenarios of its cash flows for the following years. The economic impact of the current crisis on the global economy and business activities, as a whole, cannot be assessed with reasonable certainty at this stage, given the pace at which the pandemic is spreading and the high level of uncertainty arising from the inability to predict the final outcome.

The Management will continue to monitor the situation closely and will assess any possible further impact on the Company's financial position and financial results.

Development of activities: The revenue forecasts for 2020 largely depend on HELLENIC PETROLEUM SA Group projects and to a lesser degree on other customers. Promotions that were launched three years ago in the Eastern European and the Middle East markets continue unabated.

On 05/07/2019, the Extraordinary General Meeting of the Company decided to reduce the share capital of the Company by € 12 million with a netting of losses and an increase of the Company's share capital by € 6.7 million.

On 31 December 2019, the Company's total equity is negative and amounts to EUR (32) thousand.

The Parent Company continues to financially support the Company, so that it is able to seamlessly continue its activity, providing the necessary financial support. In this context, the Management of Hellenic Petroleum SA decided, following a proposal by Asprofos, to reduce the share capital of the Company by EUR 4.5 million by canceling 154,000 shares of nominal value of EUR 29.35 and to offset losses and increase the share capital of ASPROFOS ENGINEERING S.A. by € 2.5 million with the issue of 86,000 new shares of nominal value of 29.35. This decision will be submitted for approval by the Ordinary General Meeting of the Company.

Following the above changes in the share capital, the equity of Asprofos will be larger than 50% of the share capital by approximately EUR 147 thousand .

2.1.2 Changes in standards and interpretations

(a) New standards, amendments to standards and interpretations which have been adopted by the Company.

The accounting policies and calculations used to prepare the financial statements are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2018 and have been consistently applied to all periods presented, except the following listed amendments adopted by the Company as at 1 January 2019. The Company applied, for the first time, IFRS 16 (Leases). The nature and effect of these changes are discussed below, in accordance with the requirements of IFRS. Several other amendments and interpretations were applied for the first time in 2019 but did not have a material effect on the financial statements for the year ended 31 December 2019.

- *IFRS 16:* IFRS 16 supersedes existing accounting for leases under IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 sets the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessee to recognize all the leases in its financial statements, with a single accounting model, with certain exceptions.

The Company first implemented IFRS 16 on 1 January 2019, using the modified retrospective approach, under which the retroactive effect of the application of the standard was registered on that date. The comparative data has not been restated.

The Company used the exemption provided by the standard regarding the determination of leases. This practically means that the requirements of IFRS 16 were applied to all contracts that were effective on 1 January 2019 and were recognised as leases under IAS 17 and IFRIC 4. Furthermore, the Company uses the exemptions of the standard in respect of leases of fixed assets for a period of less than 12 months, which do not include purchase options and low-value leases. Finally, the Company applies a single discount rate to each category of leases with similar features (such as leases of similar duration, for similar fixed assets and in a similar financial environment).

The effect of the application of IFRS 16 on 1 January 2019 is as follows:

Receivables	
Rights-of-use assets	138
Total Receivables	**138**
Obligations	
Lease liabilities	138
Total liabilities	**138**

a) Nature of the effect of application of IFRS 16

The Company has lease agreements for means of transport and photocopiers. Prior to the adoption of IFRS 16, the Company (as a lessee) classified leases as operating leases. The Company had no finance leases. Leases where a significant part of the risks and benefits deriving from ownership were retained by the lessor were classified as operating leases and not capitalised, while payments for operating leases were recognised in the profit and loss account in proportion to the lease term. Any pre-paid rents were included in "Customers and other receivables", while accrued rents were included in "Suppliers and other liabilities".

Upon adoption of IFRS 16, the Company implemented a single accounting model for all leases, except for some exceptions for low value leases. The standard provides specific transition requirements as well as facilitation practices, which were implemented by the Company.

- Leases previously classified as operating

The Company recognised rights-of-use assets and liabilities for these leases that were previously classified as operating, except for low value leases. The right-of-use fixed asset was recognised as equal to the lease obligation. The lease liability was recognised as the present value of the outstanding payments, discounted to the cost of additional borrowing at the date of initial application.

The Company implemented the facilitation practices as follows:

- Used a single discount rate for lease portfolios with similar characteristics

- Assessed the existence of onerous contracts, immediately prior to the date of initial application

- Excluded the initial direct costs, from the measurement of the rights-of-use assets at the date of initial application
- Assessed, on the basis of previous experience, the duration of the leases whose contract includes a condition of extension or termination

The impact of the application of IFRS 16 on the statements of comprehensive income for the twelve-month period ended 31 December 2019 is:

Reduction of operating costs	**55**
Depreciation of rights-of-use assets	54
Financial cost of leases	2
Total lease cost with the application of IFRS 16	**56**
Net reduction of pre-tax profits	**-1**

b) Summary of new accounting policies

Listed below are the new accounting policies of the Company upon adoption of IFRS 16, which are valid from the date of initial application:

- Rights-of-use assets

The Company recognises the rights-of-use assets at the inception of the lease (the date when the asset is available for use). The rights-for-use assets are measured at their cost, reduced by accumulated amortisation and depreciation and adjusted on the remeasurement of the respective lease liabilities. The cost of the rights-of-use assets includes the amount of lease liabilities that have been recognised, the initial directly related costs and the lease payments made on or prior to the inception date, reduced by the amount of the discounts or other incentives offered. Except where the Company is relatively certain that the leased asset will come into its possession at the end of the lease contract, the recognised rights-of-use assets are amortised using a straight-line method for the shortest duration between the useful life of the underlying asset and the terms of the contract lease. The rights-of-use assets are subject to impairment testing, either individually or as a cash-generating unit.

- Lease liabilities

At the inception of the lease, the Company recognises lease liabilities equal to the present value of the leases during the entire term of the leasing contract. Payments include contractual fixed rents, reduced by the amount of subsidies offered, variable rents dependent on an indicator, and amounts for residual value payments expected to be paid. The leases also include the purchase option exercise price, which is relatively certain to be exercised by the Company and payments of penalties for the termination of a lease, if the terms of the contract indicate with relative certainty that the Company will exercise the right to terminate. Variable rents that are not dependent on an indicator are recognised as an expense in the period in which the event or condition occurs and payment is made.

In order to calculate the present value of the payments, the Company uses the cost of additional lending on the inception date of the lease, if the effective interest rate is not directly determined by the lease agreement. Subsequent

to the inception of the lease, the amount of the lease liabilities is increased by interest expenses and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is an amendment to the contract, or any change in the duration of the contract, the fixed leases or the asset purchase assessment. These remeasurements shall be entered in a line in the note on the rights-of-use assets as conversions.

- Short-term leases and low value fixed assets

The Company applies the exemption regarding short-term leases (i.e. leases of duration less than or equal to 12 months, from the inception date of the lease, where there is no purchase option on the asset). It also applies the exemption on low value assets (i.e. of value less than EUR 5 thousand). Rent payments for short-term and low value leases are recognised as costs under the straight-line method during the lease term.

- Significant estimates in determining the lease terms with the right of renewal

The Company shall determine the lease term as the contractual lease term, including the time period covered by (a) the right to extend the lease, if it is relatively certain that the right shall be exercised or (b) the right to terminate the contract, if it is relatively certain that the right shall not be exercised.

The Company is entitled, for some leases, to extend the term of the lease agreement. The Company assesses whether there is a relative certainty that the right of renewal shall be exercised, taking into account all relevant factors that create an economic incentive, to exercise the right of renewal. After the date of inception of the lease, the Company shall review the lease term, if there is a significant event or change in the conditions that fall under its control and affect the option to exercise (or not) the right of renewal.

In 2019, the IFRS Interpretations Committee ("the Committee") issued a summary of the decisions taken at its public meetings to clarify the IFRS 16 interpretations on the following issues:

-- Determination of lease term

The Committee adopted a decision, according to which, in assessing the concept of the non-significant penalty, in drawing up the lease terms, the analysis should not only cover the financial penalty provided for in the contract, but use a broader economic assessment of the penalty so as to include all possible financial outflows associated with the termination of the contract. The Company applies this decision and uses judgment to assess the lease, especially in cases where the agreements do not provide for a predetermined duration. The Company takes into account all relevant factors that create an economic incentive to exercise either renewal or termination.

- *IFRS 9: Prepayment Features with Negative Compensation (Amendment):* The amendment clarifies that the financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset, there may be “negative compensation”) are allowed to be measured at amortised cost or at fair value through other comprehensive income.
- *IAS 28 (Amendments) Long-term Interests in Associates and Joint Ventures:* The amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the “net investment” in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The amendments clarify that an entity applies IFRS 9, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.
- *IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments:* The interpretation provides guidance on addressing the uncertainty involved in tax treatments, during the accounting for income taxes. The interpretation provides supplementary clarifications on considering uncertain tax treatments separately

or together, examination by tax authorities, the appropriate method to reflect uncertainty about the acceptance of treatments by tax authorities, and accounting for the consequences of changes in facts and circumstances. Upon adoption of the Interpretation, the Company examined whether it had uncertain tax positions. The Interpretation did not have an effect on the financial statements of the Company.

- *IAS 19 (Amendments) Amendment, curtailment or settlement of defined benefit plan:* The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement of a defined benefit plan has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement of a defined benefit plan affects the application of the asset ceiling requirements.

- *Annual improvements cycle of IFRS 2015 -2017*, which is a collection of IFRS amendments.

- *IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendments to IFRS 3 clarify that, when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.* The amendments to IFRS 11 clarify that, when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- *IAS 12 Income Taxes:* the amendments clarify that the tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits have been recognised.

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

(b) Standards issued but not yet effective in the present accounting period and not adopted earlier

The Company has not adopted any of the following standards, interpretations or amendments that have been issued but are not effective in the current accounting period. In addition, the Company evaluated all standards and interpretations or amendments that were issued but were not applicable in the current period and concluded that there will be no significant impact on the financial statements from their application.

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

- *Conceptual Framework for International Financial Reporting 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. These concepts contribute to standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The International Accounting Standards Board also issued a separate accompanying document, Amendments to References to the Conceptual Framework, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It’s objective is to support transition to the revised Conceptual Framework in IFRS Standards for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard

applies to a particular transaction. For preparers, who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- *IFRS 3: Business Combinations (Amendments):* The IASB issued amendments with regard to the definition of a Business (amendments to IFRS 3) to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply for business combinations, for which the acquisition date begins on or after the start of the first annual accounting period beginning on or after 1 January 2020, and for the acquisition of assets occurring on or after that period, while an earlier application is permitted. The amendments have not yet been adopted by the European Union.

- *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of materiality (Amendments).* The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments specify the definition of materiality and how it should be applied. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the 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". Moreover, the explanations accompanying the definition of materiality have been improved. The amendments ensure that the definition of materiality is consistent with all IFRS standards.

- *IFRS 9, IAS 39 and IFRS 7 (Amendments) "Reference rate adjustment".* The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments change certain requirements on hedge accounting to provide a facility on the possible impact of the uncertainty caused by the change in reference rates. Furthermore, the amendments require companies to provide additional information to investors about their hedging relationships, which are directly affected by these uncertainties.

- *IAS 1 Presentation of Financial Statements: Classification of Obligations as Current or Non-current (Amendments).* The amendments are effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendments aim to achieve consistency in the application of the requirements of the standard, helping companies to determine whether lending and other liabilities with an uncertain settlement date are classified as current or non-current liabilities in the Statement of Financial Position. The amendments affect the presentation of the liabilities in the Statement of Financial Position, while they do not amend the existing requirements regarding the measurement or the time of recognition of an asset, liability, income or expense or the disclosures on those assets. Also, the amendments specify the classification requirements for lending, which can be settled by a company issuing equity instruments. The amendments have not yet been adopted by the European Union.

2.2. Tangible assets

Tangible assets primarily include buildings and other equipment. Tangible assets are recorded at acquisition cost less accumulated depreciation and impairment, except for fields which are valued at acquisition cost less impairment. Acquisition cost includes all directly attributable expenses related to the acquisition of assets. Subsequent expenditure is added to the tangible assets' book value or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and their cost can be measured reliably. The repair and maintenance cost is written off in the income statement when incurred.

Plots are not depreciated. Depreciation of other tangible assets is calculated using the straight line method over their estimated useful life, as follows:

- Buildings	20 years
- Other equipment	3-5 years

The tangible assets' residual values and useful life are reviewed at each date of preparation of the financial statements.

When the tangible assets' book value exceeds its recoverable value, the difference (impairment) is immediately recorded as an expense.

Profits and losses from the sale of tangible assets are determined from the difference between the proceeds and the net book value. These profits or losses are written off against the results as part of other net income/(expenses) as well as other profits/(losses).

2.3 Intangible assets

Software

The software cost includes the purchase and installation cost. The cost of the software usage licenses are capitalised on the basis of the acquisition cost and the development of the specific software until it is ready for use. These costs are amortised on a straight-line basis over their useful life (3 years).

2.4 Impairment of non-financial assets

On each date of preparation of the financial statements, the Company assesses whether or not there are indications of impairment. If there are indications of impairment or if an annual impairment test of the asset is required, then its recoverable value is also calculated. Assets that have an indefinite useful life are not amortised and undergo an impairment test on an annual basis and more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. Assets subject to amortisation undergo an impairment test when there are indications that the carrying value may not be recovered. An impairment loss is identified when the carrying value of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value less required selling costs and use value (present cash flow value expected to be generated based on Management's assessment on future economic and operating conditions.) Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in arm's length transactions. For the purposes of assessing impairment losses, assets are grouped into the lowest cash generating units. For the non-financial assets, apart from goodwill, it is estimated, on each date of preparation of the financial statements, if there are indications that the impairment losses have been recognised in the past, have been reduced or do no longer exist. If there are such indications, the Company calculates the recoverable value of the asset or CGUs. Impairment losses recognised in the past are reversed, only if the estimates used at the time of recognition of the loss have changed. The reversal of the impairment is allowed to the extent that the carrying value of the asset does exceed neither its recoverable value nor the carrying value of the asset minus the depreciation, if it has not been impaired in the previous years. The carrying amount of a fixed asset after reversal of an impairment loss cannot exceed the carrying amount of that asset if the impairment loss had not been recognised.

2.5 Financial assets

2.5.1 Classification

At initial recognition, financial assets are classified depending on their nature and features in one of the following three categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss
- Financial assets measured at their fair value through the other comprehensive income

All financial assets are initially recognised at fair value, which is usually the cost of acquiring more than the direct transaction costs. Investment purchases and sales are recognised on the trade date, which is the date the Company commits to purchase or sell the asset.

The classification is based on the following two criteria: (a) the business model of managing a financial asset, namely whether the objective is to hold financial assets to collect their contractual cash flows, or collecting contractual cash flows and selling financial assets, and (b) whether the contractual cash flows of the financial asset consist solely of repayment of capital and interest on the outstanding balance.

At the date of the financial statements, the Company had no financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income of this category.

With respect to its trade and other receivables, the Company applies a business model with a view to retaining financial assets and collecting contractual cash flows. Consequently, the Company measures these requirements at amortised cost.

2.5.2 Recognition, Measurement and Derecognition

Financial assets measured at amortised cost

The financial assets, for which both of the following conditions are met, are placed in this category:

1. the financial asset is held within the framework of a business model that seeks to retain financial assets for the purpose of collecting contractual cash flows, and

2. subject to the contractual terms and conditions governing the financial asset, cash flows are created at specified dates consisting solely of repayment of capital and interest on the outstanding balance of capital.

This category includes all of the Company's financial assets (mainly trade and other receivables). Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets measured at their fair value through the other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within the framework of a business model, the objective of which is achieved both through the collection of contractual cash flows and the sale of financial assets, and

B. subject to the contractual terms and conditions governing the financial asset, cash flows are created at specified dates consisting solely of repayment of capital and interest on the outstanding balance of capital.

At the date of financial statements, the Company had no investments of that category.

Financial assets measured at their fair value through profit or loss

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost according to paragraph (i) or at fair value through other comprehensive income according to paragraph (ii). However, at initial recognition, the company may irrevocably opt for specific investments in equity instruments, which would otherwise be measured at fair value through profit or loss and present subsequent changes in fair value in other comprehensive income.

Realised and unrealised gains or losses arising from changes in the fair value of financial assets measured at their fair value through changes in profit or loss are recognised in profit or loss in the period in which they arise.

At the date of financial statements, the Company had no investments of that category.

Derecognition of financial asset

A financial asset is mainly derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has undertaken to pay in full the cash flows received without a significant delay to a third party under the "pass-through" agreement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred or retained all the risks and estimates of the asset, but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses whether and to what extent it holds the risks and rewards of ownership. When the Company has not transferred or does not substantially hold all the risks and rewards of the asset and has not transferred the control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises any relevant obligations. The transferred asset and the related liability are valued based on the rights and obligations of the Company.

2.5.3 Impairment of financial assets

Receivables from customers

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

The Company considers that non-payment of receivables for more than 90 days is a credit event. However, in certain circumstances, the Company may evaluate, for specific financial data, that there is a credit event, when there is internal or external information indicating that the amounts required under the contract are unlikely to be collected in full.

2.5.4 Offsetting financial tools

Financial assets and liabilities are set off and presented clearly in the statement of financial position, if there is a legal right to set off the amounts recognised, and in addition there is an intention to settle the net amount, i.e. assets and liabilities to be settled in parallel.

2.6 Customers and other receivables

Receivables from customers are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairment provisions.

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

The Company considers that non-payment of receivables for more than 90 days is a credit event. However, in certain circumstances, the Company may evaluate, for specific financial data, that there is a credit event, when there is internal or external information indicating that the amounts required under the contract are unlikely to be collected in full.

The impairment loss amount is recorded as an expense in the statement and is included in the "Cost of goods sold" account.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash, sight and time deposits, short-term investments with high liquidity and low risk investments and a maturity of up to 3 months and bank overdrafts.

2.8 Share Capital

The share capital includes the Company's common shares. Direct expenses for the issue of shares appear, after deducting the relevant income tax, as a reduction of the issued product.

2.9 Employee benefits

(a) Obligations due to retirement

The Company has both defined-contribution and defined-benefit plans.

The defined-contribution plan is a pension plan under which the Company makes fixed payments to a separate legal entity. The Company has no legal obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In the case of defined-contribution plans, the company pays contributions to social insurance funds on a mandatory basis. The Company has no other obligation if they have paid its contributions. Contributions are recognised as personnel expenses when a debt is occurred. Prepaid contributions are recognised as an asset to the extent that a refund or offsetting of future payments is possible.

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

The obligation that is recorded in the statement of financial position for defined-benefit plans is the present value of the defined-benefit obligation at the date of preparation of the financial statements less the fair value of plan's assets. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is calculated by discounting the future cash outflows. The rate used to discount estimated cash flows should be determined by reference to market yields at the balance sheet date on high-quality corporate bonds whose duration is equivalent with the pension plan.

Actuarial gains and losses arising from experiential adjustments and changes in actuarial assumptions are debited or credited to equity, to other total income in the period in which they arise.

Past service cost is immediately recognised in the income statement.

(b) Employee termination benefits

Employment termination benefits are paid when employees leave prior to retirement, or when the employee leaves voluntarily in exchange for those benefits. The Company records these benefits when it commits to these either upon

termination of employment of current employees according to a detailed plan without the possibility of withdrawal or when it offers these benefits as an incentive for voluntary redundancy. Employment termination benefits due 12 months after the date of the financial statements preparation are discounted to their present value.

(c) Leave pays

Until 2017, the Company recognised the expected cost of short-term employee benefits in the form of paid leaves, as employees were entitled to such payments through the provision of their services.

In 2019, the Company revised its accounting policy regarding the provision for paid leave and recognises the cost of short-term employee benefits in the form of paid leave when the employee has acquired the respective formal/legal right.

As a result of this change, the Company has restructured in the financial statements the comparative amounts for 2018 and the financial position on 1 January 2018, in accordance with IAS 8. The impact on the financial statements has been assessed according to the table below.

Impact on equity increase/(decrease):

	31 December 2018
Suppliers and other obligations	(776)
Total liabilities	**(776)**
Deferred tax assets	(217)
Non-current assets	**(217)**
Results carried forward	559
Total equity	**559**

The adjustment had no impact on the Company's Comprehensive Income statement or cash flows.

2.10 Provisions and Contingent Liabilities

Provisions for reorganisation expenses and legal cases are made when the Company has legal contractual or other obligations arising out of past acts, or is likely to require future outflows to settle these obligations and these obligations can be estimated with relative precision. Restructuring provisions include fines due to lease termination and fees due to employee departure. Provisions may not be made for future operating losses.

Provisions are calculated based on the present value of the estimates made by Management for expenditure required to settle the present obligation at the date of the financial statements preparation. The discount rate used reflects the market conditions and the time value of money and the obligation-related increases.

Contingent liabilities are not recognised in the financial statements but are disclosed, unless the probability of an outflow of resources incorporating economic benefits is minimal.

2.11 Suppliers and other obligations

Suppliers and other payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. Obligations are classified as short-term liabilities if payment is due within one year or earlier. If not, they are presented under long-term liabilities.

It is assumed that the carrying value of payable accounts approaches their fair values.

2.12 Current and deferred taxes

The income tax of the period includes the current income tax and the deferred taxes. The tax is recognised in the "Statement of Comprehensive Income", unless it is related to the amounts that have been immediately recognised in "Equity". In this case, the tax is also recognised in "Equity".

The tax income/expense for the period is the tax payable, which is calculated on the taxable profits of the period, based on the applicable tax rate in Greece, adjusted to changes in the deferred tax asset or liability relating to temporary differences or unused tax losses, as well as additional taxes of previous fiscal years. The tax is recognised in the "Statement of Comprehensive Income", unless it is related to the amounts that have been immediately recognised in "Equity". In this case, the tax is also recognised in "Equity".

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

The income tax on profits is calculated on the basis of the tax legislation adopted at the date of the financial statements preparation in the country, where the Company's operations occur, and is recognised as an expense in the period, during which the profits arise. At intervals, the Management evaluates the cases, in which the tax legislation in force must be interpreted. Where necessary, provisions are made on the amounts that are expected to be paid to the tax authorities. Interest and fines arising from uncertain tax positions are considered to be part of income tax.

Deferred income tax is determined using the liability method in respect of temporary differences between the book value and the tax bases of assets and liabilities shown in the Financial Statements. Deferred income tax is not accounted for if it arises from initial asset or liability recognition in a transaction, other than a business combination, which did not affect the accounting or the taxable profit or loss when it was incurred. Deferred tax is determined using tax rates and laws in effect at the date of the financial statements preparation and are expected to apply when the deferred tax asset is realised or the deferred tax liability is paid.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to use the temporary difference that generates the deferred tax asset.

Deferred tax assets are assessed at each financial position date and are reduced, if it is no longer probable that future taxable profit will be expected to be used for all or part of them.

Deferred tax assets and liabilities are offset only if the offsetting of tax assets and liabilities is legally permitted and if the deferred tax assets and liabilities arise from the same tax authority on the entity taxed and/or on different entities and there is an intention for the settlement to be done via offsetting.

2.13 Revenue recognition

Revenue from contracts with customers

Revenue comprises the fair value from the provision of services, and are net of Value Added Tax, customs fees, discounts and returns. Revenue from customers is recognised, when control of the services provided has been

transferred to the customer. The transfer of control to the customer is carried out at the time of service provision respectively. The amount of revenue recognised is the amount that the company is expected to receive in return for providing these goods or services. Payment terms usually vary based on the type of sale and depend primarily on the nature of the services, the distribution channels and the features of the customer.

The Company also assesses whether it has a principal or agent role in any relevant agreement. The Company's assessment is that, in all of its sales transactions, it has a principal role.

The revenue are recognised as follows:

Provision of Services

Revenue from the provision of services is recognised at the time that the service is provided, when the service is provided to the customer, always in relation to the degree of completion of the service as a percentage of the total services agreed.

Interest income

Interest income is proportionately recognised on the basis of time and the use of the effective interest rate. When receivables are impaired, their carrying value is reduced to their recoverable amount which is the present value of expected future cash flows discounted by the original effective interest rate and the discount is allocated as interest income.

2.14 Leases– IAS 17 applicable until 31 December 2018

The Company shall specify for each relevant agreement it enters to, whether or not it is or includes a lease agreement by assessing its substance. An agreement is or includes a lease if it grants the right-of-use asset even in cases where this asset or assets are not clearly identified in it.

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Leases where the Company is the lessee

Leases where a significant part of the risks and benefits of the ownership are retained by the lessor are classified as operating leases. Payments made for operating leases (net of any incentives received from the lessor) are proportionately recognised in the income statement during the lease term.

As of 1 January 2019, this accounting policy has been renewed on the basis of the new IFRS 16, as described in Section 2.1.1.

2.15 Changes in accounting policies

The Company has adopted the amendments described in detail in Note 2.1.2 for the first time at the financial period that began on 1 January 2019. Apart from the application of IFRS 16, this adoption had no significant impact on the Company's accounting policies. The new policies for IFRS 16 are described in detail in note 2.1.2

3 Financial Risk Management

Financial risk factors

The Company's activities are carried out almost throughout the Greek market, while a large part is carried out with the parent company HELLENIC PETROLEUM SA. Therefore the Company has limited exposure to market risks (such as foreign currency, cash flow and fair value interest rate risk) and credit risk. Potential exposure to liquidity risk is covered by the parent company HELLENIC PETROLEUM SA.

(a) Market risk

i) Foreign currency risk

The Company's functional currency is the Euro. The Company's foreign currency risk is considered limited because the Company carries out transactions in the functional currency.

ii) Cash flow and fair value interest rate risk.

The Company is not exposed to the risk of changes in fair value due to interest rate fluctuations, since in the years 2019 and 2018 the Company has not borrowed, but covered the necessary cash flows in cooperation with the Parent Company.

(b) Credit risk

Credit Solvency

The Company has no significant accumulation of credit risk since the majority of its receivables originate from the HELLENIC PETROLEUM SA Group of companies. Non-Group customers are companies for which management assesses creditworthiness in view of their financial condition, previous transactions, and other parameters. For banking institutions, deposits are mostly in financial institutions that have a credit rating of Caa3 (Moody's).

The following table shows the distribution of receivables from the clients:

	31 December 2019	**31 December 2018**
Total receivables from customers	2,284	1,549
Of which:		
Impaired balance	276	227

Provisions for doubtful debts

The maximum exposure to credit risk is the fair value of each receivable category as mentioned above. Provisions are formed for receivables whose recovery is doubtful and it is has been estimated that they will result in a loss.

Also here is the aging analysis of impaired receivables from customers:

	31 December 2019	**31 December 2018**
Up to 30 days	-	-
30-90 days	-	-
Over 90 days	276	227
Total	**276**	**227**

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when required.

Liquidity risk is addressed by the Company's finance department in cooperation with the parent company by securing sufficient cash resources. The Company's liquidity depends on cash management at Group level, since the Company has a large number of obligations in HELLENIC PETROLEUM SA.

Given the market developments in recent years, the liquidity risk is greater and cash flow management has become more urgent. Its liabilities, as at 31 December 2019, to suppliers amounted to EUR 660 thousand (31 December 2018: EUR 2,054 thousand) expire within one year, are equal to their current balances and the effect of discounting is not significant.

(d) Capital risk management

With respect to capital management, the Company's objectives are to ensure continuity in the future in order to provide satisfactory returns to shareholders and to maintain an optimal capital structure by reducing the cost of capital in this way.

The Company has no existing loans in the reporting periods and presents cash and cash equivalents.

4 Significant accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and are adjusted according to current market conditions and other factors, including expectations of future events, which are considered reasonable in the present circumstances.

The Company makes estimates and assumptions concerning the future. Thus, these estimates will, by definition, seldom be identical with the actual facts. Estimates and assumptions involving significant risk adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

(a) Income tax

The Company is subject to periodic audits by local tax authorities. The process of determining income tax and deferred taxation is complex and requires, to a great extent, to make estimates and exercise judgment. There are many transactions and calculations for which the final tax determination is uncertain. In the event that tax matters have not been settled with local authorities, the Company's management takes into account past experience and the advice of tax and legal experts in order to analyse specific events and circumstances, to interpret relevant tax legislation, to assess the position of the tax authorities in related cases and to decide whether to recognise such provisions or to disclose contingent liabilities. When the Company has to make payments in order to appeal against the tax authorities, and considers that it is more likely to win this appeal than the possibility of losing, the relevant payments are recorded as receivables, since these advances shall be used for repayment of the case, in case of a negative outcome, or will be returned to the Company in case of a positive outcome. In the event that the Company considers that a provision on the outcome of an uncertain tax case is required, the amounts already paid shall be deducted from that provision.

If the final result of the audit is different from the one initially recognised, the difference will affect the income tax and the deferred tax assets (liabilities) during the result finalisation period.

(b) Recovery of deferred tax assets

The Company makes assumptions about whether deferred tax assets can be recovered using estimated future taxable income according to the Company's approved business plan and budget.

(c) Estimation of impairment of receivables. Provisions for expected credit losses on receivables.

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

(d) Provisions for litigation

The Company has pending court cases. Management evaluates the outcome of the assumptions taken into account the available information of the Company's legal service and, if there is the possibility of a negative outcome, the Company proceeds to the formation of the necessary provisions. Provisions, where required, are calculated based on the present value of the estimates made by Management for expenditure required to settle the expected obligation at the reference date of the financial statements.

(e) Determination of lease term

When determining the lease term, the management shall consider all events and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods with termination options) are only included in the lease if the lease is reasonably certain to be extended (or not terminated). The following factors are generally the most important: If there are significant penalties to terminate a lease (or not to extend it), the Company is usually reasonably certain to extend (or not terminate) the lease. If real estate lease improvements are expected to have significant residual value, the Company is quite reasonable to extend (or not terminate) the lease. Otherwise, the Company examines other factors, including the historical lease years and the costs and termination required to replace the leased asset. Most of the extension opportunities in office and vehicle leases have not been included in the lease liability, because the Company could replace the assets without significant costs or shutdown.
The lease period is reassessed when an option is exercised (or not exercised) or the Company becomes obligated to exercise it (or not to exercise it). The assessment of reasonable certainty shall only be reviewed if a significant event or a significant change in circumstances occurs, which affects that assessment and is under the control of the lessee.

(f) Pension plans

The present value of pension benefits depends on a number of factors that are determined using actuarial methods and assumptions. Such an actuarial assumption is the discount rate used to calculate the cost of the benefit. Changes in these assumptions will change the present value of the related liabilities in the statement of financial position.

The Company determines the appropriate discount rate at the end of each year. This is defined as the rate that should be used to determine the present value of future cash flows, which are expected to be required to meet pension plan obligations. In determining the appropriate discount rate, the Company uses the rate of low-risk corporate bonds, which are converted into the currency in which the benefits will be paid, and whose expiry date approaches that of the relative pension obligation.

Other key assumptions for pension benefit obligations are based, in part, on current market conditions. Additional information is provided in Note 13 herein.

(g) Depreciation rates:

The Company periodically controls the useful lives of its tangible fixed assets in order to assess the appropriateness of the initial estimates. In determining the useful life, which may vary due to various factors such as technological developments, the Company may obtain technical studies and use external sources.

5 Tangible assets

	Plots	Buildings	Furniture & accessories	Total
Cost				
Balance 1 January 2018	**1,283**	**7,604**	**1,200**	**10,087**
Additions	-	-	52	52
Balance 31 December 2018	**1,283**	**7,604**	**1,252**	**10,139**
Accumulated depreciation				
Balance 1 January 2018	**-**	**6,894**	**1,139**	**8,033**
Period depreciations	-	342	38	380
Balance 31 December 2018	**-**	**7,236**	**1,177**	**8,413**
Undepreciated value as at 31 December 2018	**1,283**	**368**	**75**	**1,726**

	Plots	Buildings	Furniture & accessories	Total
Cost				
Balance 1 January 2019	1,283	7,604	1,252	10,139
Additions	-	-	52	52
Balance 31 December 2019	1,283	7,604	1,304	10,191
Accumulated depreciation				
Balance 1 January 2019	-	7,236	1,177	8,413
Period depreciations	-	137	38	175
Balance 31 December 2019	-	7,373	1,215	8,588
Undepreciated value as at 31 December 2019	**1,283**	**231**	**89**	**1,603**

There are no mortgages on the Company's tangible assets.

Depreciation is recorded in administration and disposal costs (Note 18).

6 Rights-of-use assets

	Cars	Photocopiers	Total
Cost			
Balance 1 January 2019	118	20	138
Additions	14	-	14
Balance 31 December 2019	132	20	152
Accumulated depreciation			
Balance 1 January 2019	-	-	-
Period depreciations	39	15	54
Balance 31 December 2019	39	15	54
Undepreciated value as at 31 December 2019	**93**	**5**	**98**

7 Intangible assets

	Software	Total
Cost		
Balance 1 January 2018	**746**	**746**
Additions	36	36
Balance 31 December 2018	**782**	**782**
Accumulated depreciation		
Balance 1 January 2018	**697**	**697**
Period depreciations	43	43
Balance 31 December 2018	**740**	**740**
Undepreciated value as at 31 December 2018	**42**	**42**
Cost		
Balance 1 January 2019	**782**	**782**
Additions	61	61
Balance 31 December 2019	**843**	**843**
Accumulated depreciation		
Balance 1 January 2019	740	740
Period depreciations	34	34
Balance 31 December 2019	774	774
Undepreciated value as at 31 December 2019	**69**	69

The intangible assets regard exclusive software programmes and are amortised based on the straight-line method and within a period of 3 years.

Depreciation is recorded in administration and disposal costs (Note 18).

8 Deferred tax assets

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

	Year ended	
	31 December 2019	**31 December 2018**
Beginning Balance - receivable	**663**	**546**
(Debit)/ Credit of statement of profit or loss	(16)	75
Movements in the net position- (Debit)/ Credit of other total profit or loss	(24)	42
Closing Balance - receivable	**623**	**663**

The analysis of deferred tax assets and liabilities is as follows:

	31 December 2019	**31 December 2018**
Tangible fixed and intangible assets	(297)	(332)
Rights-of-use assets	(24)	-
Provisions for staff benefits	871	949
Provisions for impaired exposures	36	38
Lease liabilities	11	-
Other provisions	26	8
Closing Balance - receivable	**623**	**663**
Deferred tax assets	**(321)**	**(332)**
Deferred tax liabilities	**944**	**995**

9 Customers and other receivables

		31 December 2019	31 December 2018
Customers - Related parties	22	1,125	408
Customers - Other customers		1,159	1,141
Less: Provisions for impairment		(276)	(227)
Net customer receivables		**2,008**	**1,322**
Accrued income of the fiscal year		343	276
Other receivables		442	339
Total		**2,793**	**1,937**

The carrying values of these receivables represent their fair value.

There are no mortgages on the Company's receivables.

The receivables from customers are usually settled in 30-60 days.

Other receivables include receivables from personnel, withheld tax and deferred expenses.

Movements on the provision for impairment of trade receivables are as follows:

	31 December 2019	31 December 2018
Balance 1 January 2019	227	201
Addition	49	52
Receivables write-offs	-	(26)
Balance 31 December 2019	**276**	**227**

10 Cash and cash equivalents

	31 December 2019	31 December 2018
Fund	3	1
Cash at banks	1,052	71
Total	**1,055**	**72**

Cash at banks regard current accounts in EUR and are remunerated with variable interest rates depending on the amount of the deposit and based on the monthly deposit rates of the banks. The present value of these current accounts approaches their carrying value due to the variable interest rates and their short-term maturities.

The weighted average effective interest rate was:

	31 December 2019	31 December 2018
Euro	0.32%	0.24%

11 Share Capital

	Number of Shares	Share Capital
31 December 2018	**409,900**	**12,030**
31 December 2019	**227,852**	**6,687**

The share capital consists of common shares of the Company.

In accordance with the decision of 05/07/2019 of the Extraordinary General Meeting of Shareholders, the share capital of the Company was reduced by EUR 12,006 thousand through the cancellation of 409,048 shares of nominal value of EUR 29.35 each with equal offset of losses. Moreover, the Extraordinary General Meeting decided to increase the share capital by EUR 6,663 thousand by issuing 227,000 shares of nominal value of EUR 29.35 each. The amount of the increase was paid in full.

Following the above changes, the share capital amounted to EUR 6,687 thousand, consisting of 227,852 shares of nominal value of EUR 29,35 each and is fully paid.

12 Reserves

	Statutory reserves	Untaxed reserves	Actuarial Gains / losses	Total
Balance as at 1 January 2018	**206**	**1,012**	**(362)**	**856**
Net actuarial Gains/Losses on defined-benefit pension plans	-	-	(205)	(205)
Balance as at 31 December 2018	**206**	**1,012**	**(567)**	**651**
Net actuarial Gains/Losses on defined-benefit pension plans	-	-	48	48
Balance as at 31 December 2019	**206**	**1,012**	**(519)**	**699**

Statutory reserves

According to Greek legislation, companies are required to transfer a minimum of 5% of their annual net profits, according to their accounting books, to a statutory reserve until such reserve is equal to one third of their share capital. This reserve may not be distributed, but can be used to write off losses.

Untaxed reserves

Untaxed reserves concern:

- Profits that have not been taxed, under the applicable fiscal and institutional framework. In the case of their distribution, profits will be taxed based on the tax rate applicable at the time of their distribution to shareholders or conversion to share capital.
- Partially taxed reserves which are taxed at a tax rate which is lower than the applicable current rate. In the case of their distribution, profits will be taxed based on the tax rate applicable at the time of their distribution to shareholders or conversion to share capital.

Other reserves

Other reserves include actuarial profits and losses

13 Liabilities for personnel benefits due to termination of the service

	31 December 2019	31 December 2019
Statement of financial position obligations:		
Pension benefits	3,629	3,797
Total	**3,629**	**3,3797**

	31 December 2019	31 December 2018
Charges to the income statement:		
Pension benefits	276	253
Total	**276**	**253**

	31 December 2019	31 December 2018
(Debit)/Credit to the other comprehensive income statement:		
Pension benefits	72	(247)
Total	**72**	**(247)**

The amounts entered in the Statement of Comprehensive Income are as follows:

	31 December 2019	31 December 2018
Current service cost	196	182
Interest rate cost	80	71
Total	**276**	**253**
Additional costs of staff retirement settlement	342	-
Total included in employee benefits	**618**	**253**

The change of the obligation that has been entered in the statement of financial position is as follows:

	31 December 2019	31 December 2018
Opening balance	3,797	3.309
Total debits to results	618	253
Paid contributions	(714)	(12)
Actuarial (gain)/ loss	(72)	247
Closing Balance	**3,629**	**3,797**

The main actuarial assumptions used are as follows:

	31 December 2019	31 December 2018
Discount Rate	0.61%	1.8%
Future salary increases	1.16%	1.1%
Average weighted program duration	8.39 years	11.44 years

The sensitivity analysis of the defined-benefit obligation to employees due to retirement to changes in the main weighted assumptions are the following:

	Effect on obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	0.5%	(3.96%)	4.22%
Future salary increases	0.5%	4.18%	(3.96%)

14 Suppliers and other obligations

		31 December 2019	31 December 2018
Suppliers - Related parties	22	-	625
Suppliers - Others		660	1,429
Value added tax		233	173
Insurance organisations and other taxes		894	808
Accrued expenses		313	160
Other obligations		119	84
Personnel remuneration payable		190	-
Deferred income		147	50
Total		**2,556**	**3,329**

The obligations to suppliers are not interest-bearing accounts and are usually settled in 60 days, except for balances with related parties that may exceed 60 days.

Other obligations include obligations to other creditors.

15 Lease liabilities

	31 December 2019	31 December 2018
Balance 1 January 2019	138	-
Additions	14	-
Financial costs	2	-
Repayments	-55	-
Year-end Balance	**152**	**-**
Current balance	46	-
Long-term balance	53	-
Depreciation of rights-of-use assets	54	-
Financial costs	2	-
Total amount recognised in the statement of comprehensive income	**56**	-

Balance 31 December 2019	<1 year	Between 1 and 5 years	Over 5 years	Total
Lease liabilities	46	53	-	99

16 Employee Benefits

	Year ended	
	31 December 2019	**31 December 2018**
Payroll	6,781	6,326
Social Security expenses	1,648	1,573
Cost of pension schemes	276	253
Other employee benefits	409	333
Compensation Law 2112/20	383	-
Total	**9,497**	**8,485**

Other benefits include mainly benefits and aids to the Company's staff under the Collective Agreements, and training allowances.

17 Revenue from customer contracts

		Year ended	
		31 December 2019	**31 December 2018**
Sale of services to related parties	**22**	9,494	9,983
Sale of services to other customers		1,822	2,345
Total		**11,316**	**12,328**

18 Expenses by category

	Year ended	
	31 December 2019	**31 December 2018**
Personnel salaries and expenses	8,838	8,233
Compensation Law 2112/20	383	-
Provision for staff compensation	276	252
Provision for doubtful debts	48	52
Other provisions	122	-
Depreciation of tangible assets	175	380
Depreciation of rights-of-use assets	54	-
Repair and maintenance cost of tangible assets	265	85
Technical support of software	229	267
Amortisation of intangible assets	34	42
Insurance premiums	85	77
Rent from operating leases	7	91
Travel / transportation expenses	227	230
Stationery / Forms	49	24
Conference and advertising expenses	21	17
Other Professional Fees	2,557	2,561
Subcontractors	1,495	1,630
Travel expenses, recoverable by the customer	18	19
Other taxes-duties	195	126
Other Expenses	76	35
Other	157	203
Total	**15,351**	**14,324**
Attributable to:		
Cost of good sold	11,773	11,436
Administrative expenses	2,463	1,957
Selling expenses	1,115	931
Total	**15,351**	**14,324**

19 Other income

	Year ended	
	31 December 2019	**31 December 2018**
Income from grants	13	33
Income from leases	1	11
Other extraordinary and non-operating income	17	19
Total	**31**	**63**

20 Income tax

	Year ended	
	31 December 2019	**31 December 2018**
Fiscal year tax	-	-
Deferred tax	(16)	75
Total	**(16)**	**75**

The tax on the profit before tax of the Company differs from the theoretical amount that would have been obtained if we had used the weighted average tax rate of the company as follows:

	Year ended	
	31 December 2019	**31 December 2018**
Loss before taxes	**(4,049)**	**(1,992)**
Tax calculated on the basis of applicable rates	972	578
Non-deductible expenses	(962)	(390)
Adjustment of deferred tax due to change in tax rate	(26)	(113)
Total	**(16)**	**75**

The tax rate for sociétés anonymes in Greece for the financial year ended 31 December 2019 is 24% (31 December 2018: 29%), as amended by Article 22 of Law 4646/2019, pursuant to which the profits from business activity of legal persons are taxed at a rate of 24% for the income of the tax year 2019 and onwards.

According to the tax provisions, the audits to the companies are carried out as follows:

a. Audit by Certified Auditors – Report of Tax Compliance

For the 2011 fiscal period and onwards, Greek companies are subject to an annual tax audit by their ordinary certified auditors, in terms of compliance with the provisions of the applicable tax law, the timely and accurate submission of tax returns as well as provisions for unrecognised tax obligations. The result of this audit leads to the issuance of a tax certificate, which provided the relevant conditions are met replaces the audit by the public authority and allows the Company to close its tax obligations for the relevant fiscal year. The Company was audited until the fiscal year 2018 and received a tax compliance certificate with an unqualified opinion. For fiscal year 2019, the tax audit is ongoing and the relevant Tax Compliance Report is expected to be issued within the 4th quarter of 2020.

If additional tax liabilities arise until the completion of the tax audit, we estimate that they will not have a material effect on the annual financial statements.

b. Audits by the tax authorities

The Company has been tax audited up until the 2004 fiscal period. Regardless of future tax audits, the Company's Management estimates that no significant additional tax burden will arise from the audit of the unaudited tax years.

21 Cash flows for operating activities

	Note	Year ended 31 December 2019	31 December 2018
Loss before taxes		**(4,049)**	**(1,992)**
Depreciation of tangible and intangible assets	**5.7**	209	423
Depreciation of rights-of-use assets	**6**	54	-
Financial expenses		43	59
Financial cost of leases	**15**	2	-
Provisions		324	304
		(3,417)	**(1,206)**
Changes in working capital			
Increase in receivables	**9**	(904)	(40)
(Decrease)/increase of obligations	**14**	(1,148)	1,079
		(2,052)	**1,039**
Net cash outflows from operating activities		**(5,469)**	**(167)**

22 Contingent liabilities and legal cases

a) The Company is involved in various legal cases and has various outstanding obligations related to the ordinary course of business. Based on currently available information, Management believes that the outcome of these cases will not significantly impact the Company's results or its financial position, and for this reason, a provision for the year has not been formed other than the existing provision.

b) ASPROFOS SA has been tax audited up until the 2004 fiscal period. ASPROFOS SA has not been audited by tax authorities for the 2005-2010 fiscal periods. In accordance with the provisions of article 36, paragraph 1 of Law 4174/2013, the Tax Administration can proceed to the adoption of an act on administrative, estimated or corrective tax assessment within five (5) years from the end of the year, within which the deadline for the submission of declaration expires. On the basis of the decision of the plenary meeting of the Council of State (Symvoulio tis Epikrateias) 1738/2017 and having regard to the provisions of article 84, paragraph 1-4, article 68, paragraph 2 of Law 2238/1994 and article 36 of Law 4174/2013 and the decision No. (DEL B) 1136035 (EX) 2017/15.09.2017, the limitation periods shall be set at five (5) years from the end of the year, within which the deadline for the submission of declaration expires, apart from the cases of additional assets, in accordance with article 84, paragraph 4, and article 68, paragraph 2 of Law 2238/1994 (previous Income Tax Code/KFE), in which the State's right to the initial or supplementary registration for the tax imposition is time-barred after a period of ten years, as soon as new data have been received by the Head of the Tax Office (DOY) after the main limitation deadline. Furthermore, it was assumed, with the same decision, that any extension of the use limitation period does not comply with the principles of the Constitution, unless it has been voted by law in the next year from the year that it regards.

Pursuant to the aforementioned legislation, the Management regards that the 2005-2013 fiscal periods have been written off and no additional tax obligations are expected to arise.

c) As at 31 December 2019, the Company, for projects that it has undertaken, has open Good Performance Letters of Guarantee amounting to EUR 1,483 thousand (31 December 2018: EUR 1,464 thousand)

23 Transactions with related parties

i. Sales of goods and services

	Year ended	
	31 December 2019	**31 December 2018**
Sale of services		
HELLENIC PETROLEUM SA	8,077	8,273
Other Group Companies	1,405	1,035
Other associated companies	12	675
	9,494	**9,983**

	Year ended	
	31 December 2019	**31 December 2018**
Purchase of services		
HELLENIC PETROLEUM SA	0	1
Other associated companies	35	30
	35	**31**

ii. Fiscal period balances arising from sales/purchases of products/services

	31 December 2019	**31 December 2018**
Receivables from related parties:		
Group companies		
HELLENIC PETROLEUM SA	545	-
Other Group Companies	580	71
Other associated companies		
- Balance from related parties	-	337
	1,125	**408**

Obligations to related parties :
<u>Group companies</u>

-Balance from advances		
HELLENIC PETROLEUM SA	-	86
-Balances of suppliers and advances		
HELLENIC PETROLEUM SA	-	539
	-	**625**

Transactions with related parties have been conducted under normal commercial terms that the Company abides by for transactions with third parties.

Transactions and balances with associated companies relate to:

a) The parent company HELLENIC PETROLEUM SA and its subsidiaries.

b) The Group's Associated Companies, which are consolidated in the Group with the equity method:

- Public Gas Corporation (DEPA) SA
- Elpedison Energy
- Hellenic Gas Transmission System Operator (DESFA) SA

iii. Remuneration of the Board of Directors members

The total remuneration of the Board of Directors members in the fiscal period 2019 amounted to EUR 471 thousand. Respectively, in the fiscal period 2018 it amounted to EUR 361 thousand. The increase in the number of paid Board of Directors members.

24 Subsequent events

On 11 March 2020, the World Health Organization declared COVID-19 a pandemic, given its rapid spread worldwide. Many governments worldwide have taken stringent measures to help contain and delay the spread of the virus, which has slowed economies worldwide, causing a major disruption to business and daily life.

Many countries, including Greece, have adopted exceptional and economically detrimental restraint measures, including the obligation of companies to reduce or even suspend normal business activities. Governments have also imposed restrictions on movements, as well as strict quarantine measures. The Greek Government took strict quarantine measures on 23 March 2020.

These measures led to the containment and control of the spread of the pandemic in our country, resulting in the Government proceeding with a plan to gradual lift the restrictive measures, increasing the hopes for a rapid recovery of the Greek economy in anticipation of the summer season. Now, from the beginning of May until today, most of the industries have been reopened, the movement inland and to the islands has been restored, and from 1 July 2020, direct flights from abroad to Greece and its tourist destinations have started.

The rapid spread of the Covid-19 pandemic had a serious impact on the design and execution of projects in the field of energy (as a direct consequence of a decrease in the supply and demand of fuels and the slowdown or postponement of any investments).

The business environment of the design companies, which, like Asprofos, are active in the energy sector, has been adversely affected as significant delays were caused and continue to exist, both in the development of undertaken projects and in the maturation of new ones, as well as investment plans.

Indicatively, delays are recorded

- in the development of projects abroad (Serbia, Kuwait, etc.) where the clients of undertaken projects announced, directly or indirectly, the suspension of their work due to the pandemic
- in the development of projects within Greece, within and outside the group (NALP, SRU, BEA, BEE)
- in the maturation of investment ideas and the launch of new projects (East Med, Upstream projects, etc.)

These delays have caused a significant revenue shortfall which already amounts to more than 30%, while their impact is expected to continue in the immediate period ahead, until the normalisation of the investment environment.

At the same time, customers, especially outside the ELPE Group, have suspended, at least temporarily, their investment programs, an action, which, due to the postponement of tender procedures, has an impact on the Company's project pipeline. In particular, there is a decrease in the financial volume of the tenders submitted in 2020 by 67%, compared to the previous year.

The economic impact of the current crisis on the global economy and business activities, as a whole, cannot be assessed with reasonable certainty at this stage.

Although the business operation, financial performance and cash flows of the Company are and will be adversely affected by the pandemic of coronavirus (Covid-19), the Management reasonably believes, taking into account the financial situation of the Company and the given financial support of the parent company Hellenic Petroleum S.A., that the Company has the appropriate resources to continue to operate in the foreseeable future and the ability to fulfill its current liabilities and concludes that there is no significant uncertainty about the continuation of its business activity, as also stated in Note 2.1.1.