# OTSM S.A. OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS

## Financial Statements

## in accordance with IFRS for the

## year ended 31 December 2020

COMPANY REGISTRATION NUMBER: 117812701000

REGISTERED OFFICE: 8^A CHIMARRAS STR, 15125 MAROUSSI, GREECE

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|---|---|
| **Directors** | Kenneth Howard Prince-Wright – Chairman of the Board<br>Emmanouil Markakis – Member and legal representative<br>Efstathios Poulitsis - Member<br>Emmanouil Drillerakis – Member |
| **Registered Office:** | 8A Chimarras Str.<br>15125 Maroussi, Greece |
| **Registration number:** | 117812701000 |
| **Auditors:** | KPMG Certified Auditors SA<br>3, Stratigou Tombra Str,<br>153 42 Aghia Paraskevi,<br>Greece<br>AM SOEL 114 |

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# Independent Auditor's Report

To the Shareholders of
OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Financial Statements of OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS (the "Company") which comprise the Statement of Financial Position as at 31 December 2020, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS as at 31 December 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

### Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Articles 150 of L. 4548/2018 and its contents correspond with the accompanying Financial Statements for the year ended 31 December 2020.

(b) Based on the knowledge acquired during our audit, relating to OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 2 June 2021

KPMG Certified Auditors S.A.
AM SOEL 114

Alexandros – Petros Veldekis, Certified Auditor Accountant
AM SOEL 26141

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

## Statement of Financial Position

| | Note | As at 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 5 | 22.759 | 47.443 |
| Deferred income tax assets | 7 | 4.277 | 3.101 |
| | | **27.036** | **50.544** |
| **Current assets** | | | |
| Oil stock held | 6 | 308.559 | 57.145 |
| Trade and other receivables | 8 | 23.119 | 13.801 |
| Income tax receivable | 8 | 747 | 747 |
| Cash and cash equivalents | 9 | 133 | 21 |
| | | 332.558 | **71.714** |
| **Total assets** | | 359.594 | **122.258** |
| **EQUITY** | | | |
| Share capital | 10 | 2.000 | 2.000 |
| Retained Earnings & Reserves | 11 | 4.963 | 2.327 |
| **Total equity** | | **6.963** | **4.327** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 18 | - | 23.446 |
| | | - | **23.446** |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 48.986 | 15.119 |
| Derivative financial instruments | 13 | 10.503 | 4.367 |
| Interest bearing loans and borrowings | 14 | 269.625 | 50.219 |
| Lease liabilities | 18 | 23.517 | 24.780 |
| | | **352.631** | 94.485 |
| **Total liabilities** | | **352.631** | 117.931 |
| **Total equity and liabilities** | | 359.594 | 122.258 |

The Notes on pages 12 to 38 form an integral part of these Financial Statements.

| | | |
|---|---|---|
| K.H. Prince-Wright | E.Markakis | P.Apostolopoulos<br>Lic No OEE 53433 A' Class |
| Chairman of the Board | Member of the Board | RSM Business Advisors EPE |

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

# Statement of Comprehensive Income

| | Note | For the year ended 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| Revenue from contracts with customers | 15 | 34.516 | 40.279 |
| Cost of sales | 16 | (27.940) | (36.726) |
| **Gross profit** | | **6.576** | **3.553** |
| General and Administrative expenses | | (258) | (403) |
| **Operating profit** | | **6.318** | **3.150** |
| Finance income | | 64 | 99 |
| Finance expense | 17 | (3.692) | (1.583) |
| Lease finance cost | 17 | (1.230) | (2.034) |
| **Profit before income tax** | | **1.460** | **(368)** |
| Income tax | 19 | 1.176 | 1.348 |
| **Profit for the year** | | **2.636** | **980** |

The Notes on pages 12 to 38 form an integral part of these Financial Statements.

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

## Statement of Changes in Equity

| | Share Capital | Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance at 1 January 2019** | **2.000** | **667** | **680** | **3.347** |
| Profit for the year | - | - | 980 | 980 |
| **Total comprehensive income for the year** | **-** | **-** | **980** | **980** |
| **Balance at 31 December 2019** | **2.000** | **667** | **1.660** | **4.327** |
| | | | | |
| **Other comprehensive income / (loss)** | - | - | - | - |
| Profit for the year | - | - | 2.636 | 2.636 |
| **Total comprehensive income for the year** | **-** | **-** | **2.636** | **2.636** |
| **Balance at 31 December 2020** | **2.000** | **667** | **4.296** | **6.963** |

The Notes on pages 12 to 38 form an integral part of these Financial Statements.

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

## Statement of Cash flows

| | Note | For the year ended 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **Profit / (Loss) Before Tax** | | 1.460 | (368) |
| Adjustments for: | | | |
| Financial expenses / (income) - net | 17 | 4.858 | 3.451 |
| Change of fair value of derivative financial instruments | 13 | 6.136 | 19.778 |
| Depreciation for right of use assets | | 24.829 | 24.753 |
| | | **37.283** | **47.614** |
| **Changes in working capital** | | | |
| (Increase) / Decrease in oil stock held | | (251.414) | (15.988) |
| (Increase) / Decrease in trade and other receivables | | (9.319) | 4.606 |
| Increase / (Decrease) in trade and other payables | | 33.512 | (17.290) |
| | | **(227.221)** | **(28.672)** |
| **Cash flows from operating activities** | | **(189.938)** | **18.942** |
| Tax Received | | - | 757 |
| **Net cash generated from / (used in) operating activities** | | **(189.938)** | **19.699** |
| **Cash flows from investing activities** | | | |
| Interest received | | 64 | 99 |
| **Net cash generated from / (used in) investing activities** | | **64** | **99** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 14 | 505.000 | - |
| Repayments of borrowings | 14 | (285.000) | - |
| Interest and other charges paid | 14 | (3.930) | (1.265) |
| Payment of Lease Liabilities - principal | | (24.854) | (23.970) |
| Payment of Lease Liabilities - interest | | (1.230) | (2.034) |
| **Net cash generated from /(used in) financing activities** | | **189.986** | **(27.269)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **112** | **(7.471)** |
| **Cash and cash equivalents at the beginning of the year** | | **21** | **7.492** |
| Net increase / (decrease) in cash and cash equivalents | | 112 | (7.471) |
| **Cash and cash equivalents at the end of the year** | 9 | **133** | **21** |

The Notes on pages 12 to 38 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 General information

OTSM S.A. OF MAINTENANCE COMPLULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS (the "Company") operates in the oil industry. Based on the article of incorporation the Company's activities include a) holding Compulsory Stock on behalf of third parties pursuant to a Compulsory Stock Obligations (CSO) Delegation Agreement and b) trading of crude oil and petroleum products.

The Company is incorporated in Greece and the address of its registered office is 8A Chimarras Str. Maroussi, Greece.

The Company is a 100% subsidiary of DMEP UK Ltd which is in turn a 100% subsidiary of DMEP HoldCo Ltd. Both DMEP HoldCo and DMEP UK are companies incorporated in the United Kingdom. The shareholders of DMEP HoldCo Ltd are Bridge Opportunity Ltd with a stake of 52% and Hellenic Petroleum International A.G with a stake of 48%.

The Company's financial year commences on 1 January and ends on 31 December. The Company was incorporated on 27 September 2011 and thus its first financial period commenced on 27 September 2011 and ended on 31 December 2012.

The Company adopts International Financial Reporting Standards as adopted by the European Union.

The Company's functional and presentation currency is the Euro, and the financial information in these Financial Statements is expressed in thousands of Euro (unless otherwise stated).

The Company's Financial Statements are included in the consolidated financial statements of DMEP HoldCo Ltd., that is registered at the United Kingdom.

The Financial Statements of OTSM S.A. for the year ended 31 December 2020, were approved for issue by the Board of Directors on 1 June 2021. The shareholders of the Company have the power to amend the Financial Statements after issue.

# 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

## 2.1 Basis of preparation

The financial statements of OTSM S.A. for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as endorsed by the European Union ("EU") and present the financial position, results of operations and cash flows on a going concern basis.

These Financial Statements have been prepared in accordance with the historical cost basis, except for the derivative financial assets and liabilities which are measured at fair value through profit or loss.

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

### 2.1.1 Going concern

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

During 2020, the Company reported net profit after tax of € 2,6 million and its current assets exceeded its current liabilities by € 3,4 million, excluding the impact of IFRS 16.

Income for the year (as well as that of prior years) arose from:

- CSO fees charged to a related party for the holding of reserve stock of oil under a CSO Delegation Agreement and

- A storage fee charged to the same related party under a general service agreement ("GSA") for the storage of petroleum products owned by the related party in the existing tank capacity.

As such, the business model of the Company as well as its cash flows are largely dependent on the full utilization of tank capacity (either in the form of holding compulsory stocks or in the form of storage of products). Management reasonably expects that during 2021 the above agreements will be in force under the same terms resulting in positive operating results for the Company.

The cash flow projections in the foreseeable future continue to show a positive cash generative position. The Company's business activities, together with the factors likely to affect its future development, performance and position have been set out in its business plan.

In order to conclude whether the going concern basis is appropriate, Management also evaluated the impact of Covid - 19 pandemic, which is expected to continue affecting the Greek economy during 2021.

Despite the uncertainty, Management believes that even in the worst-case scenario the Company will be able to meet its obligations for the following reasons:

- The Company's operation is highly dependent on the cooperation with the related party on a mutually beneficial manner and it is not affected by the conditions and impact of the financial measures taken by the Greek Government against the pandemic.
- The related party has committed to continue the mutual beneficial cooperation with the Company and

will not seek a full repayment of their receivable from the Company as long as necessary. Therefore, the Company will be able to meet its obligations, as they fall due.

- The Company's stocks are hedged to the largest extend for oil price fluctuations.
- The Company's operating model provides a profit margin for both the tank capacity used by the related party' for the holding of CSO, as well as any remaining capacity for co storage. Therefore, it is estimated that its operational profitability is independent from the levels of CSO stocks held on behalf of the related party.
- No significant impact is expected on the Company's operations as a result of the existing restrictions.

Based on the above, the Company's management have concluded that the going concern is the appropriate basis of preparation of the current year's financial statements and there are no material uncertainties that would lead to significant doubt on the entity's ability to continue operating on a going concern basis.

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

*New and amended standards adopted by the Company.*

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2019 and have been consistently applied in all periods presented in this report, except for the following IFRS amendments, which have been adopted by the Company as of 1 January 2020.

Amendments and interpretations that apply for the first time in 2020, did not have a significant impact on the financial statements of the Company for the year ended 31 December 2020. These amendments are disclosed below:

- *IFRS 3 Business Combinations (Amendments):* The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

- *Conceptual Framework in IFRS standards.* The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a

### 2.1.2 New standards, amendments to standards and interpretations (Continued)

separate accompanying document, "Amendments to References to the Conceptual Framework in IFRS Standards", which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments).* The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

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

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

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

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

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

  In February 2021 the IASB issued a proposal to extend the relief period by another year, i.e. to apply the practical expedient on rent concessions to a change in lease payments originally due on or before 30 June 2022 from 30 June 2021.

- *IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2023):* The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The amendments have not yet been endorsed by the EU.

- *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform – Phase 2'* (effective for annual periods beginning on or after 1 January 2021). In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

**New standards, amendments to standards and interpretations (Continued)**

Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

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

The amendments have not yet been endorsed by the EU.

## 2.2 Foreign currency translation

*(a) Functional and presentation currency*

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

(b) *Transactions and balances*

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

Translation differences on non-monetary financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

## 2.3 Property, plant and equipment

Motor vehicles represent tanker trucks. Motor vehicles are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Repairs and maintenance are charged to the statement of comprehensive income as incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

## 2.4 Leases

### 2.4.1 Right-of-use assets

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

### 2.4.2 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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

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

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

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

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

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

Lease term

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

## 2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and, are tested annually for impairment. Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-fmancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.6 Financial assets

The Company classifies its financial assets in the following categories: Financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. As at 31 December 2020 all financial assets represent derivative financial instruments for hedging purposes and loans and receivables as classified below:

### 2.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include "Trade and other receivables" and "Cash and cash equivalents" in the statement of financial position.

### 2.6.2 Recognition and measurement

Purchases and sales of financial assets are recognized on trade-date - which is the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fail* value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortized cost using the effective interest method.

### 2.6.3 Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment testing is described in Note 2.9.

### 2.6.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is a decision to settle on a net basis or realize the asset and settle the liability simultaneously, otherwise assets and liabilities are presented separately in the financial statements. The clearance of the balances can be done at a net basis if respecting agreement with the counterparty exists.

## 2.7 Derivative financial instruments and hedging activities

As part of its risk management policy, the Company utilizes financial and commodity derivatives to mitigate the impact of future price volatility of crude oil and petroleum products. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Depending on the characteristics of each transaction, the respective derivative may be designated as a hedging instrument. In cases where it is designated, the Company designates these derivatives as either:

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

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

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

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

Cash flow hedges

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

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

Derivatives held for trading

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

## 2.8 Oil Stock held

Oil stocks are stated at the lower of cost and net realizable value (NRV). Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The cost of oil stock is determined using the costing formula of weighted average. Goods exchanged or swapped for goods of a similar nature and value are not regarded as sales and purchases.

## 2.9 Trade receivables

Trade receivables, which generally are settled within one month, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognized in the statement of comprehensive income and is included in "General and administrative costs".

## 2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less. Cash deposited in special accounts for the settlement of derivatives are classified under other receivables.

## 2.11 Share capital

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

## 2.12 Borrowings

Borrowings essentially represent the major part of the Company's financial liabilities.

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, in this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility1 to which it relates.

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

## 2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

## 2.14 Trade and other payables

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

## 2.15 Provisions

Provisions for environmental restoration and legal claims are recognized when: The Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

## 2.16 Environmental liabilities

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

## 2.17 Revenue recognition

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

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

Revenue is recognised as follows:

*(a) Sales of goods – Oil stock transactions*

Revenue on sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are recognized when the Company has delivered the products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured. Sales of goods undertaken in the course of ordinary activities that are incidental to the main revenue-generating activities are not regarded as sales. These incidental activities relate to the regular semi-annual renewal of safety stock. When goods are exchanged or swapped for goods which are of a similar nature and value the exchange is not regarded as a transaction which generates revenue.

*(b) Sales of services*

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

*(c) Interest income*

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

## 2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved, by the Company's Shareholders' General Meeting.

### 2.19 Changes in accounting policies

The Company adopted the amendments described in paragraph 2.1.2 for the first time for the annual reporting period commencing 1 January 2020.

### 2.20 Comparative figures

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

## 3 Financial risk management

### 3.1 Financial risk factors

The Company's activities include oil transactions which involve crude oil, diesel and unleaded gasoline as well as holding CSO's on behalf of third parties. As such, the Company is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Company to the extent possible. In general, the key factors that impact the Company's operations are summarised as follows:

Covid – 19: In December 2019, Covid -19 was identified in China. The disease has rapidly spread across the globe and on 11 March 2020, the World Health Organisation declared it to be a pandemic. Many countries, including Greece, took increasingly stringent steps to help contain and delay the spread of the virus and adopted extraordinary and economically costly containment measures, including requiring companies to limit or even suspend normal business operations. Governments also implemented restrictions on travelling as well as strict quarantine measures. These measures slowed down the economies worldwide, causing considerable global disruption in business activities and everyday life.

In March 2020, the Greek Government took immediate action to prevent the spread of Covid-19. More specifically, it set limitations in social and economic activity including restricting travel through its land borders and all non-essential movements throughout the country and closing retail shops and other businesses. The strict containment measures gradually relaxed during May leading to a partial recovery of the domestic demand during the summer. However, following a steady increase of infections during summer and especially since August, the Greek Government reintroduced measures and restrictions to contain the spread of the coronavirus. Despite the measures taken during the previous months, in the final months of the year the situation in the country deteriorated further with a considerable rise in the number of infections and new virus variants emerging, and the government announced even more strict measures, including lockdowns, in order to control the spread of the pandemic and ensure public health.

Similar measures have been taken by the majority of countries worldwide which have led to substantial declines on stock markets globally, significant pressure on economic activity as well as a sharp decline in oil prices. The decline in oil prices did not have a direct impact on the Company's operations and did not impact the value of its stocks which are hedged to the largest extent.

As of the date of these financial statements it is not certain how long the above measures will be in effect. The Company has not been affected by such measures and has not cease its operation during 2020 and 2021 (up to the date of approval of these financial statements), but continued to generate revenue from the services provided to the related party, which is its only customer. Although the current conditions are expected to affect the market throughout 2021, Management believes that there will be no significant reduction in current year's revenue as compared to the respective prior period.

The Company has considered the above as described in Note 2.1.1.

Commodity price risk management is supervised by Management following approval of the Company's Board of Directors.

*(a) Market risk*

(i) Foreign exchange risk

As explained in note 2.2 "Foreign currency translation", the functional and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on two types of exposure:

- **Financial Position translation risk:** All of the oil stock held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realizable value of oil stock included in the Statement of Financial Position. In order to manage this risk, the Company has entered into derivative transactions involving cash flow hedges. There are no financial assets or liabilities in foreign currency.

- **Gross Margin transactions and translation risk:** Transactions in crude oil and oil products are based on international Platt's USD prices. This leads to exposure in terms of the Gross Margin translated in Euro. This exposure is linearly related to the Gross margin of the Company in that the appreciation of Euro vs. USD leads to a respective translation loss on the period results. USD denominated transactions are cash settled in Euro by applying market USD to Euro exchange rates.

(ii) Commodity price risk

The Company's primary activity as an entity which has undertaken part of a third party's compulsory stock obligation, results into exposure to commodity price risk. Changes in current or forward absolute price levels vs acquisition costs affect the value of oil stock. Essentially commodity price risk is driven from crude oil price fluctuations between the date that it acquires oil stock and the one that it sells the oil stock.

In the case of price risk, the level of exposure is determined by the amount of priced oil stock carried at the end of the reporting period. In periods of sharp price decline, as the Company's policy is to report its oil stock at the lower of historical cost and net realizable value, results are affected by the reduction in the carrying value of the oil stock. The extent of the exposure, relates directly to the level of oil stocks and the rate of price decrease. This exposure is hedged with derivatives to the extent that the cost of such instruments is considered positive, from a risk – return point of view and subject to the structure of the market (contango vs. backwardation).

An immediate 5% increase or decrease in all open derivatives contracts reference prices, would decrease or increase respectively, the Company's total comprehensive income by € 16 million as at 31 December 2020 (2019: € 3 million). This figure is offset with the respective gains / losses arising from the Company's oil stocks.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are all of variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company's results. At 31 December 2020, if interest rates on Euro denominated borrowings had been 0.5% higher with all other variables held constant, pre-tax profit for the year would have been €422 thousand lower (2019: € 250 thousand higher losses).

*(b) Credit risk*

Credit risk is managed by the Company's Management. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. The utilization of credit limits and indication of impairment are regularly monitored.

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

The counterparties of the derivative financial instruments are local Greek Banks with credit rating either B- or CCC+ from Fitch.

The Financial instruments that have the major credit exposure are as follows:

| | 2020 | 2019 |
|---|---|---|
| Trade and other receivables | 23.119 | 13.801 |
| Cash and cash equivalents | 133 | 21 |
| **Total** | **23.252** | **13.822** |

*(c) Liquidity risk*

Prudent liquidity risk management entails maintaining sufficient cash, the availability of funding through the issued bond loan and the credit terms of the fee agreements entered into with third parties which fully meet the Company's working capital needs. Further details of the bond loan are provided in note 14, "Borrowings".

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Trade and other payables equal their carrying balance as the impact of discounting is not significant.

| | 31/12/2020 | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| **Liabilities** | | | | | |
| Bond Loans | 270.989 | - | - | - | **270.989** |
| Lease liabilities | 23.909 | - | - | - | **23.909** |
| Derivatives | 10.503 | - | - | - | **10.503** |
| Trade and other payables | 48.929 | - | - | - | **48.929** |
| | **354.330** | - | - | - | **354.330** |

| | 31/12/2019 | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| **Liabilities** | | | | | |
| Bond Loans | 50.655 | - | - | - | **50.655** |
| Lease liabilities | 26.005 | 23.838 | - | - | **49.843** |
| Derivatives | 4.367 | - | - | - | **4.367** |
| Trade and other payables | 14.335 | - | - | - | **14.335** |
| | **95.362** | **23.838** | - | - | **119.200** |

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

### 3.2 Capital risk management

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

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

Due to the nature of the Company's operations the gearing ratio is high.

The gearing ratio as at 31 December 2020 and 2019 was as follows:

| | 2020 | 2019 |
|---|---|---|
| Total Borrowings (Note 14) | 269.625 | 50.219 |
| Less: Cash and equivalents (Note 9) | (133) | (21) |
| **Net Debt** | **269.492** | **50.198** |
| Total Equity | 6.963 | 4.327 |
| **Total capital employed** | **276.455** | **54.525** |
| **Gearing ratio** | **97%** | **92%** |
| | | |
| Lease liabilities | 23.517 | 48.226 |
| **Net debt (incl. lease liabilities)** | **293.009** | **98.424** |
| **Total Capital Employed (incl. lease liabilities)** | **299.972** | **102.751** |
| **Gearing ratio (incl. lease liabilities)** | **98%** | **96%** |

### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2020 and 2019:

| **As at 31 December 2019** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Liabilities | - | 4.367 | - |
| **Derivatives financial instruments** | - | **4.367** | - |

| **As at 31 December 2020** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Liabilities | - | 10.503 | - |
| **Derivatives financial instruments** | - | **10.503** | - |

The valuation prices for Company's derivatives are provided by financial institutions and are based on marketable data (traded futures).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

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

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

### 3.4 Reporting variance on valuation

For risk management purposes the Company aims to maintain a fully hedged position through derivatives, which however are not designated as hedges and thus no hedge accounting is applied. The valuation of its oil stocks at the balance sheet date is done on the basis of the lower of cost and NRV (10 days average after the balance sheet date on a consistent basis) whereas the valuation of the derivative contracts is done on the basis of the forward prices prevailing at the balance sheet date and refer to the future date of closing the hedged position. The different basis of valuation creates a mismatch which may impact either positively or negatively the results of the Company. As of 31 December 2020, if the stock was sold and the derivative contract closed then the Company's profit before tax would be €3.7 million higher (2019: € 5.8 million lower losses before tax).

## 4 Critical accounting estimates and judgements

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

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

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

*(a) Income taxes*

Estimates are required in determining the provision for income taxes that the Company is subjected to. This requires significant judgment. There are some transactions and calculations for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(b) Recoverability of deferred tax assets*

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

*(c) Fair value of derivatives and other financial instruments*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses judgement to select methods that are based on market conditions existing at the end of each reporting period. To this effect the Company uses valuations received from the specialised departments of Financial Institutions.

*(d) Estimated impairment of non-financial asset*

The Company tests annually whether investments and non-financial assets have suffered any impairment in accordance with its accounting policies. Significant judgement is involved in management's determination of these estimates.

*(e) NRV test*

The Company uses its judgement based on the experience in the industry to select the best estimate for future selling prices, on a consistent basis. An average of spot prices during a period shortly after the end of each reporting period is selected to be the basis for this estimate unless there is commitment or certainty that stock at the balance sheet date will be disposed in predetermined dates which alternatively form the basis of the NRV estimate.

## 5 Right-of-use assets

| | Oil Tanks | Total |
|---|---|---|
| Cost | | |
| **As at 1 January 2019** | 72.196 | 72.196 |
| **As at 31 December 2019** | 72.196 | 72.196 |
| | | |
| **Accumulated Depreciation** | | |
| **As at 1 January 2019** | - | - |
| Charge for the period | 24.753 | 24.753 |
| **As at 31 December 2019** | 24.753 | 24.753 |
| | | |
| **Net Book Value at 31 December 2019** | 47.443 | 47.443 |

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

| | | |
|---|---|---|
| **Cost** | | |
| **As at 1 January 2020** | **72.196** | **72.196** |
| Modifications | 144 | 144 |
| **As at 31 December 2020** | 72.340 | **72.340** |
| | | |
| **Accumulated Depreciation** | | |
| **As at 1 January 2020** | **24.753** | **24.753** |
| Charge for the period | 24.828 | 24.828 |
| **As at 31 December 2020** | **49.581** | **49.581** |
| | | |
| **Net Book Value at 31 December 2020** | **22.759** | **22.759** |

The Company leases oil tanks from Hellenic Petroleum SA. ("HELPE") under a lease contract with a duration of 10 years (24.11.2011 - 23.11.2021). The Company has already entered into discussions with HELPE in order to enter into a new lease contract after November 2021.

## 6 Oil Stock held

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Crude oil | 305.509 | 56.562 |
| Diesel | 2.683 | - |
| Unleaded gasoline | 367 | 583 |
| **Total** | **308.559** | **57.145** |

No write-down of oil stock to net realisable value was recorded during 2020 and 2019.

During June and December 2020, the Company purchased inventories with a total value of €286 million and €291 million respectively from HELPE. Both purchases were financed through new loans issued during the year (Note 14). The inventories purchased during June 2020 were sold back to HELPE during the year ended 31 December 2020, while those purchased during December 2020, were sold back during January 2021 (Note 23).

As of 31 December 2020, oil stock represents both compulsory stock obligation (CSO) delegated by Hellenic Petroleum S.A. to the Company under a CSO Delegation Agreement in line with the legal framework and the Company's own stocks.

## 7 Deferred income tax asset/ (liability)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are presented below. The gross movement in the deferred income tax asset/(liability) is as follows:

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Beginning of the year | 3.101 | 1.753 |
| Income statement charge | 1.176 | 1.348 |
| **End of year** | **4.277** | **3.101** |

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

Deferred tax relates to the tax effect of the following types of deductible/ (taxable) temporary differences:

| | As at 1 January 2019 | Income statement charge | As at 31 December 2019 | Income statement charge | As at 31 December 2020 |
|---|---|---|---|---|---|
| Unamortised up front loan fees | (63) | 63 | - | (166) | (166) |
| Valuation of derivative financial instruments | (4.314) | 5.362 | 1.048 | 1.473 | 2.521 |
| Inventory valuation | 1.730 | (250) | 1.480 | (599) | 881 |
| Tax losses | 4.400 | (4.016) | 384 | 474 | 858 |
| Leases (IFRS 16) | - | 189 | 189 | (6) | 183 |
| **Net deferred income tax asset** | **1.753** | **1.348** | **3.101** | **1.176** | **4.277** |

In the 12 month period ended 31 December 2020, the company proceeded with the partial recognition of a Deferred Tax Asset in relation to tax losses amounting to € 14 million of which an amount of €3,6 million are considered recoverable throughout the next three years according to the management business plan.

All the above amounts except for the Deferred Tax Asset on Tax losses which is expected to be utilized in the next 3-year period, will be utilized within the next twelve months.

## 8 Accounts receivable and other receivables

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Trade receivables | 8.048 | 8.725 |
| Other receivables | 15.033 | 5.033 |
| Prepaid expenses and accrued income | 38 | 43 |
| **Total** | **23.119** | **13.801** |

Trade receivables represent fee income receivable from related parties.

Other receivables represent mainly a) margin accounts of € 14,5 million (2019: € 5 million) maintained at financial institutions which serve as collateral against outstanding derivative transactions and b) VAT receivable amounting to €493 as of 31 December 2020. As of 31 December 2019, the VAT is payable and included in the Company's liabilities. During January 2021, following the maturity of the respective derivative transactions, the abovementioned margin accounts have been reduced to € 2,5 million.

As at 31 December 2020 there are no past due, doubtful or impaired receivables. In addition, there is no risk of impairment for trade receivable, since based on historical data the Company never incurred any such losses for the amount receivable from related parties.

Movement of current income tax receivable is as follows:

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Opening balance | 747 | 747 |
| **Closing balance** | 747 | 747 |

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

## 9 Cash and cash equivalents

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Cash at bank | 133 | 21 |
| **Total cash and cash equivalents** | **133** | **21** |

The weighted average effective interest rate as on cash and cash equivalents as at 31 December 2020 and 2019 was 0,1% and 0,3% respectively. All cash and cash equivalents are denominated in Euro and are readily available.

## 10 Share capital

| | Number of shares (authorised and issued) | Nominal Value | Total Share Capital |
|---|---|---|---|
| **As at 31 December 2020 and 2019** | 666.667 | 3 | 2.000.001 |

The amounts in the above table are stated in Euro.

All ordinary shares were authorized, issued and fully paid. The nominal value of each ordinary share is € 3,00 (2019: € 3,00).

The bond loan restricts the issue of any shares, payment of dividends or any other distribution to shareholders unless the Company obtains bondholders consent.

## 11 Retained earnings and reserves

| | Retained Earnings | Statutory reserve | Total |
|---|---|---|---|
| **Balance at 1 January 2019** | 680 | 667 | 1.347 |
| Profit after tax | 980 | - | 980 |
| **Balance at 31 December 2019** | **1.660** | **667** | **2.327** |
| | | | |
| **Balance at 1 January 2020** | 1.660 | 667 | 2.327 |
| Profit after tax | 2.636 | - | 2.636 |
| **Balance at 31 December 2020** | **4.296** | **667** | **4.963** |

*Statutory reserves*

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of outstanding share capital. This reserve cannot be distributed during the existence of the corporation but can be used to offset accumulated losses. Profit appropriation has to be approved by the Shareholder's General assembly.

## 12 Trade and other payables

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Trade payables – related parties | 48.293 | 14.273 |
| Accrued Expenses | 393 | 33 |
| Other payables | 300 | 813 |
| **Total** | **48.986** | **15.119** |

Reclassification: During the year, the Company reconsidered the presentation of withheld taxes on bond loan interest and now includes such balances' in "Other payables". Following the reconsideration, an adjustment was applied retrospectively to the 2019 comparative balances.

As of 31 December 2020, accrued expenses are mainly comprised of accrued finance fees (€ 355).

The fair value of trade and other payables approximate their carrying amount as they relate to short term and interest free liabilities. During 2020, the Company settled part of the payable to the related part.

## 13 Derivative financial instruments

**31 December 2020**

| Commodity Derivative type | | Assets | Liabilities |
|---|---|---|---|
| | Bbls'000 | € | € |
| Commodity Swaps – maturing in January 2021 | 7.017 | - | 6.889 |
| Commodity Swaps – maturing in April 2021 | 497 | - | 3.615 |
| **Total** | | - | **10.504** |

**31 December 2019**

| Notional Amount | | | Assets | Liabilities |
|---|---|---|---|---|
| Commodity Swaps – matured in April 2020 | | Bbls'000 | € | € |
| | - | 1.028 | - | 4.367 |
| | | | - | **4.367** |

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

The Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices and foreign currency exchange rates on a highly probable forecast transaction. In this framework, on 27 October 2020 and 14 December 2020, the Company entered into two derivative transactions of commodity price swaps respectively, which have not been designated by the Company as hedging instruments and any changes in their fair value is recorded in the statement of comprehensive income within "Cost of Sales" (Note 16) for the year ended 31 December 2020. As at 31 December 2020 and 2019 derivative financial instruments included in the Statement of Financial Position are stated at their fair value.

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

## 14 Borrowings

As of 31 December 2020, borrowings amounted to € 270 million. Significant movements in borrowings for the year ended 31 December 2020 are as follows:

On 27 April 2020, the Company repaid part of the bond loan that was open as of 31 December 2019 amounting to € 35 million.

On 25 June 2020, the Company issued a new bond loan of € 250 million. 50% of the loan was repaid on 31 July 2020, while the remaining open balance was repaid on 5 October 2020.

On 14 December 2020, a new bond loan of € 255 million was issued. The loan was repaid in January 2021.

Finally on 27 April 2021, the Company refinanced its bond loan amounting to € 15 million.

The bond loan is guaranteed by the parent companies DMEP UK Ltd and DMEP Holdco Ltd. In addition the bond holders have pledges on the parent companies' shares and liens on the Company's insurance contracts, other agreements and bank accounts.

The effective interest as at 31 December 2020 and 31 December 2019 was 2,50% and 2.55%, respectively.

The carrying amounts of the Company's borrowings which approximate their fair value are denominated in Euro.

Below is a table listing notional amount, accrued interest and unamortized fees composing borrowings:

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| **Current interest bearing loans and borrowings** | | |
| Notional amount | 270.000 | 50.000 |
| Accrued Interest Expense | 315 | 219 |
| Unamortized upfront fees | (690) | - |
| **Total current interest bearing loans and borrowings** | **269.625** | **50.219** |

The movement of the loans carrying amount has as follows:

| | 1 January 2020 | Cash flows – borrowings proceeds | Cash flows – borrowings repayments | Cash flows – interest & fees paid | Non-cash movements | 31 December 2020 |
|---|---|---|---|---|---|---|
| | € | € | | € | € | € |
| Interest bearing loans and borrowings | 50.219 | 505.000 | (285.000) | (3.930) | 3.336 | 269.625 |
| **Total** | **50.219** | **505.000** | **(285.000)** | **(3.930)** | **3.336** | **269.625** |

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

| | 1 January 2019 € | Cash flows – borrowings proceeds € | Cash flows – borrowings repayments | Cash flows – interest & fees paid € | Non-cash movements € | 31 December 2019 € |
|---|---|---|---|---|---|---|
| Interest bearing loans and borrowings | 49.969 | - | - | (1.265) | 1.515 | 50.219 |
| **Total** | **49.969** | - | - | **(1.265)** | **1.515** | **50.219** |

## 15 Revenue from contracts with customers

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Sale of services – CSO fees | 10.372 | 16.129 |
| Sale of services – Storage fees | 24.144 | 24.150 |
| **Total** | **34.516** | **40.279** |

All sales are provided exclusively in Greece to related parties. Sales represent fees charged to Hellenic Petroleum S.A in accordance with a CSO Delegation agreement and a Storage Agreement that have been put in place.
The delegation fee is calculated based upon the requirements of the legal framework which stipulate that it should be based upon the operating costs of storing safety stocks and a reasonable return for capital employed in the storage operations. During 2020 the fee was revised to € 4,00 / M.T. in May and in €4,1 / M.T. in November.

## 16 Cost of sales

| | For the year ended 31 December 2020 | 31 December 2019 |
|---|---|---|
| Cost of services rendered | 4.382 | 4.369 |
| Depreciation of right of use assets | 24.829 | 24.753 |
| (Gains)/ Losses arising from goods sold incidental to main revenue generating activity | 13.005 | (3.271) |
| Storage fees | 1.412 | - |
| (Gains)/ losses in derivative financial instruments | (15.688) | 10.875 |
| **Total** | **27.940** | **36.726** |

The analysis of (gains) / losses of derivatives financial instruments are as follows:

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Realized (gains)/ losses of the year | (21.824) | (8.904) |
| Unrealized (gains)/ losses at year end | 6.136 | 19.779 |
| **Total** | **(15.688)** | **10.875** |

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

## 17 Finance expenses

| | | |
|---|---|---|
| **Finance Expense:** | | |
| Interest expense | (1.846) | (1.297) |
| Accrued interest | (315) | (219) |
| Other finance costs | (1.531) | - |
| Lease finance cost | (1.230) | (2.034) |
| **Total Finance Expense** | **(4.922)** | **(1.516)** |

## 18 Lease liabilities

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

| | |
|---|---|
| **As at 1 January 2019 (after effect of IFRS16)** | **72.196** |
| Interest Cost | 2.034 |
| Repayment | (26.005) |
| **At 31 December 2019** | **48.226** |

| | |
|---|---|
| **As at 1 January 2020** | **48.226** |
| Modification | 144 |
| Interest Cost | 1.230 |
| Repayment | (26.083) |
| **At 31 December 2020** | **23.517** |
| | |
| **Current** | **23.517** |
| **Non-current** | - |

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

| | **For the year ended 31 December 2020** |
|---|---|
| Depreciation expense for right-of-use assets | 24.829 |
| Interest expense on lease liabilities | 1.230 |
| **Total amount recognised in statement of comprehensive income** | **26.059** |

The maturity table of the undiscounted cash flows of the lease liabilities is presented below (Note 5):

| | **Less than 1 year** | **Between 1 and 5 years** | **Total** |
|---|---|---|---|
| **31 December 2020** | | | |
| Lease liability | 23.909 | - | 23.909 |

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

## 19 Income tax expense

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Effect of change in income tax rate to deferred tax | - | (596) |
| Deferred tax | 1.176 | 1.944 |
| **Total** | **1.176** | **1.348** |

The corporate income tax rate of legal entities in Greece for 2020 is 24% (2019: 24%). On May 2021 the Greek Parliament passed law 4799/2021 which amends the corporation income tax rate to 22% effective for tax year 2021.

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

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| **Profit / (Loss) before Tax** | 1.460 | (368) |
| Tax calculated at corporation tax rate 24% (2019: 24%) | (350) | 88 |
| Adjustments to deferred tax due to changes in tax rate | - | (596) |
| Tax on expenses not deductible for tax purposes | (4) | (3) |
| Tax losses for which no deferred income tax was recognised | 858 | 1.859 |
| Utilization of previously unrecognized tax losses | 672 | - |
| **Tax (Charge) / Credit** | **1.176** | **1.348** |
| **Effective tax rate** | **80,5%** | **(366,3)%** |

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (30% after 2016). The net interest expense that exceeds the EBITDA threshold and can be offset against future taxable profits without any time constraints as of 31 December 2020, amounted to € 7,5m.

For financial years ending 31 December 2011 onwards, Greek companies meeting certain criteria were subject to annual tax audits from their statutory auditors. This audit results in the issuance of a Tax Certificate, however the tax authorities reserve the right of future tax audit, taking into consideration the statute of limitation provisions. The Company has been audited by its respective statutory auditor and has obtained unqualified tax audit certificates for the financial years ended 31 December 2011-2019.

The Management considers that any additional taxes and surcharges that may arise from future audits by the tax authorities will not have a significant impact on the financial position and results of the Company. It is noted that on 31 December 2020 and in accordance to the provisions of paragraph 1 of article 36 of law 4174/2013 tax authorities will no longer have the right for future audits for the fiscal years until 31 December 2014.

According to recent legislation, the tax audit and the issuance of tax certificates is also valid from 2016 onwards but on an optional basis. The tax compliance examination for the tax year ended 31 December 2020 is currently in progress. Management believes that no additional material liabilities will arise, over those already recognized in the Financial Statements, as a result of the tax compliance audit which is in progress.

## 20 Related party transactions

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

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

Transactions have been carried out with the following related parties:

- Hellenic Petroleum S.A.
- Basil Capital Limited

During the year ended 31 December 2020, transactions and balances with the above related entities are as follows:

| | For the year ended | |
|---|---|---|
| | **31 December 2020** | **31 December 2019** |
| **Sales of goods and services HELPE** | | |
| Sales of goods incidental to main revenue gemerating activity | 347.283 | 101.573 |
| Exchange of goods | 340.259 | 252.408 |
| Sales of Services | 34.516 | 40.278 |
| **Total** | **722.058** | **394.259** |
| **Purchases of goods and services** | | |
| Purchases of good incidental to main revenue generating activity | 611.703 | 114.289 |
| Exchange of goods - HELPE | 340.258 | 252.408 |
| Purchases of Services - HELPE | 31.852 | 31.156 |
| Purchases of Services - Basil Capital Limited | 15 | 14 |
| **Total** | **983.828** | **397.867** |

| **Balances due to / from related parties** | As at | |
|---|---|---|
| | **31 December 2020** | **31 December 2019** |
| Trade Receivables from related parties - HELPE (Note 8) | 8.048 | 8.725 |
| | **8.048** | **8.725** |
| Trade Payables to related parties – HELPE (Note 12) | (48.308) | (14.273) |
| | **(48.308)** | **(14.273)** |
| **Net balances to related parties** | **(40.260)** | **(5.548)** |

Included in the statement of financial position are balances which have arisen from sales/purchases of goods and services in the ordinary course of business on an arm's length basis. The variances in the amounts and balances as compared with the prior year figures, depend on the amount of transaction that took place during the year as well as oil prices on the dates of the transaction.

Sale of services represent co-storage rentals and delegation fees for the stockholding of compulsory stocks while purchase of services represent tank operation and tank rental fees. Furthermore, purchase of services from HELPE include depreciation of right of use assets (Note 16) and lease finance costs (Note 17).

The delegation fee is calculated based upon the requirements of the legal framework which stipulate that it should be based upon the operating costs of storing safety stocks and a reasonable return for capital employed in the storage operations.

The majority of the above related parties' transactions were entered into with Hellenic Petroleum S.A. Hellenic Petroleum S.A. has a 48% stake in the Company through its subsidiary Hellenic Petroleum International A.G.

The natural directors did not receive any remuneration from their employer related to the services rendered as a director of the Company (2019 nil). Personal Director services were provided by Basil Capital Limited ("Basil") who appoints a physical director. Total management fees charged to OTSM during the year amounted to € 15 (2019: € 14)

## 21 Commitments and contingencies

*(a) Litigation*

The Company is not involved in any pending litigation.

*(b) Put and call option*

The Company is counterparty to outstanding put and call option agreements with Hellenic Petroleum S.A. to sell oil stock to Hellenic Petroleum S.A. on 28 January and 27 April 2021. The put and call options may be exercised by either counterparty at any time before these dates under certain conditions. The value of these options (put and call) is immaterial due to the fact that the terms of the agreement are such that the transaction will be market priced resulting in zero payoff at any time of exercise.

## 22 Events after the end of the reporting period

Other than the events already disclosed in Notes 6.8 and 14 no material events took place after the end of the reporting period and up to the date of the publication of the financial statements.