

**REPORT OF THE BOARD OF DIRECTORS  
of "HELLENIC PETROLEUM Societe Anonyme"**

**to the General Meeting of its shareholders  
in accordance with Article 61 of L. 4601/2019**

**on the demerger through hive-down with the establishment of a new company**

Messrs. Shareholders,

The board of directors of the societe anonyme with the name "Hellenic Petroleum Societe Anonyme" (hereinafter the "**Demerged Entity**") decided in its meeting of 29.07.2021 to commence the demerger procedure through hive-down of its refining, supply and trading of oil products and petrochemicals business sector, with the establishment of a new company (hereinafter the "**Beneficiary Entity**"), in accordance with the provisions of Law 4601/2019 and Article 52 of Law 4172/2013, each as in force.

Specifically, regarding the draft demerger deed prepared in this context, in accordance with Article 59 of Law 4601/2019 (hereinafter the "**Draft Demerger Deed**"), we bring to your attention the following:

**I. The Draft Demerger Deed from a business and financial point of view**

The demerger takes place in the context of the implementation of the strategic plan "Vision 2025", announced by the Demerged Entity in May 2021 (hereinafter the "**Strategic Plan**"). This new plan is part of the strategy update of the "Hellenic Petroleum" Group (hereinafter the "**Group**"), considering the significant effects of the continuously accelerating energy transition, the increasing emphasis of the international markets on ESG (Environment - Society - Governance) as well as the limitations of the current structure in terms of strategy, valuation and growth opportunities.

"Vision 2025" focuses on updating the Group's strategy in all activities with particular emphasis on ESG issues, redesigning the investment strategy, corporate structure and corporate governance as well as redefining the Group's identity in the market.

The objective of the Group through the implementation of this new strategic transformation is to protect its core activities and take advantage of new opportunities raised by the accelerating energy transition.

The main pillar of this strategic plan is the transition to an appropriate corporate structure for the activities of the Group, in a way that optimizes the implementation of the new strategy.

The intended demerger through the hive-down of the refining, supply and trading of oil products and petrochemicals sector is an integral and necessary step towards the implementation of the Strategic Plan.

The separation of the refining, supply and trading activities of oil products and petrochemicals from the Demerged Entity, which now becomes a holding company

maintaining the activity of administrative services provision to the Group companies and third parties, offers the necessary development flexibility to the Group through increasing value transparency of its portfolio of different activities.

More specifically, with the completion of the above actions, the Demerged Entity aims to improve the administrative and financial structure of the Group, the valuation transparency, and, consequently, to improve access to the financial markets, implement customized financing strategies, as well as to facilitate partnerships for the Group's business activities.

Furthermore, the demerger is expected to lead to the optimization of the risk management capability of different business units, as well as the impact of the particular volatility of the oil market on the Group's results.

It becomes clear that the demerger also optimizes the operating framework of the refining, supply, and trading of oil products and petrochemical business at the level of the Beneficiary Entity by adjusting the relevant financing strategies based on the requirements and the specifics of the sector. In addition, the possibility of developing strategic partnerships (e.g. joint ventures) is improved.

Further to the above, it should be noted that the demerger, which will be completed in accordance with the applicable legislation, will not affect the consolidated financial data of the Group, since the Beneficiary Entity will be fully consolidated, as the Demerged Entity will directly own 100% of its shares.

It is also noted that the demerger does not create any need for a change in the status of the employees affected by it.

The board of directors of the Demerged Entity declares that no particular challenges arose during the valuation process of the assets of the hived-down sector, in accordance with article 17 of Law 4548/2018.

Furthermore, there are no special advantages granted to the Certified Auditor, the members of the Board of Directors of the Demerged Entity and its internal auditors by the Articles of Association of the Demerged Entity or by a decision of the general meeting of its shareholders, nor are any such advantages provided to the above and to the members of the Board of Directors of the Beneficiary Entity and its internal auditors by the Draft Demerger Deed.

Upon the completion of the demerger and the establishment of the Beneficiary Entity, the share capital of the latter shall amount to one billion, three hundred one million Euro (€1,301,000,000) divided into one hundred thirty million, one hundred thousand (130,100,000) common registered voting shares with nominal value of ten Euro (€10) each. The Demerged Entity shall receive all the shares of the Beneficiary Entity.

The terms of the demerger can only be deemed fair and reasonable, as the Demerged Entity will receive all (100%) of the shares of the Beneficiary Entity in exchange for the assets of the hived-down sector that will be transferred to the latter.

In order to confirm the above, the report of the Certified Auditors expresses an opinion on whether the exchange relationship is fair and reasonable, as follows: *"Pursuant to paragraph 3 of Article 57 of L. 4601/2019, there is no share exchange ratio, since the contribution of the Sector is effected from a demerged entity and will be contributed to*

*a new entity which will be 100% subsidiary of the Demerged Entity, by granting all new shares to the Demerged Entity. Therefore, there is no need to provide information on valuation methods for the determination of a proposed exchange ratio. The hive-down is fair and reasonable since the Demerged Entity shall receive all the new shares of the Beneficiary's new shares in return for the contributed assets."*

## **II. The Draft Demerger Deed from a legal point of view**

Regarding the justification of the Draft Demerger Deed from a legal point of view, the following are mentioned:

1. The demerger shall be effected through hive-down with the establishment of a new company in accordance with the provisions of article 57, paragraph 3, and Articles 59-74 of Law 4601/2019 and Article 52 of Law 4172/2013, as in force.
2. The demerger refers the hive-down of the refining, supply and trading of oil products and petrochemicals business sector of the Demerged Entity to the Beneficiary Entity. This sector includes all the assets and liabilities contained in the balance sheet of the hived-down sector dated 30.06.2021 and the valuation report of Article 17 of Law 4548/2018, as they will be formed until the legal completion of the hive-down.
3. The Demerged Entity shall maintain activities and assets that do not relate to the hived-down sector but are mainly related to the provision of administrative services to companies in the group and to third parties. Specifically, the Demerged Entity shall provide, directly or indirectly, administrative, financial, organizational, and functional support, facilitation and information services to third parties, to the Beneficiary Entity, and to other companies in its group. In addition, as a listed company on the Athens Stock Exchange, it shall maintain services relating to investor relations, the shareholders' unit, and the internal audit, as provided by the applicable regulation.
4. The valuation of the assets of the hived-down sector, under Article 17 of L. 4548/2018, as they appear in the balance sheet of the hived-down sector dated 30.06.2021, as well as the examination of the demerger draft under Articles 10 and 62 of Law 4601/2019, has been made by the auditing company "Grant Thornton Societe Anonyme", and specifically by the Certified Auditors Mr. Dimitrios Douvris (SOEL Reg. No. 33921) and Mr. Panagiotis Noulas (SOEL Reg. No. 40711). All actions carried out after the date of the balance sheet and up to the date of completion of the Demerger and establishment of the Beneficiary Entity that concern the hived-down sector shall be treated as occurring from an accounting and tax point of view, on behalf of the Demerged Entity.
5. On the date of registration with the General Commercial Registry of the decision of the General Meeting of Shareholders of the Demerged Entity on the approval of the demerger, which shall be taken in accordance with Article 66 of L. 4601/2019, as well as the completion of the final demerger deed by the Demerged Entity, which shall be drawn by means of notarial deed, and all other documents provided by the law, along with the relevant approval decision by the competent authority ("**Date of Demerger**"), the Demerger proceedings shall be concluded, with the following consequences for the Demerged and Beneficiary entities:

i. The Beneficiary Entity shall be established by the articles of association to be approved by the General Meeting of shareholders of the Demerged Entity and will be included in the final demerger deed, which shall be drawn by means of a notarial deed.

ii. The Beneficiary Entity shall substitute the Demerged Entity as universal successor in the entirety of the assets transferred to it (assets and liabilities), as reflected in the balance sheet of the hived-down sector, and as these will be formed up to the Date of Demerger. In the context of the universal succession, the Beneficiary Entity acquires all rights, intangible assets, receivables, claims, (disputed or not), obligations, and general legal relations of the Demerged Entity belonging or relating to the hived down sector, including administrative licenses that have been issued in favor of the latter and that concern the refining, supply, and trading of oil products and petrochemicals, even if not specifically referred to or accurately described in the Draft Demerger Deed, in the balance sheet of the hived-down sector, or in the notarial demerger deed.

The transcription of real estate property and rights *in rem* in general that are transferred from the Demerged Entity in the name of the Beneficiary Entity shall take place by applying *mutatis mutandis* the provisions of article 1197 of the Civil Code, by entering an extract of the demerger deed or the articles of association in the relevant transcription registries, demonstrating that the Beneficiary Entity is the universal successor of the Demerged Entity, with a report containing the details on rights *in rem* required by Article 1194 of the Civil Code and the identity of the concerned real estate properties.

It is clarified that in the case of assets, rights, obligations, and in general other assets or liabilities or legal relations of the hived-down sector or relating to it, which are governed by foreign law, under which universal succession in case of a hive down, as provided by Greek law, is not recognized, the following shall apply: the Demerged Entity and the Beneficiary Entity shall ensure to take any necessary action in order to complete the transfer of said assets, rights, obligations, and legal relations to the Beneficiary in accordance with the applicable law. To the extent that it is not possible to transfer the above to the Beneficiary Entity as above, in the case of non-transferred obligations, the Beneficiary Entity hereby undertakes, explicitly and irrevocably, to fulfill these obligations, to remit any amounts charged to the Demerged Entity without undue delay, and to compensate the Demerged Entity for any costs or losses that may arise due to improper fulfillment of such obligations, while in the case of rights, the Demerged Entity hereby undertakes, explicitly and irrevocably, to collect or liquidate them in accordance with the instructions of the Beneficiary Entity, without the right to reinvest the above amounts, and then to return the product to the Beneficiary Entity without significant delay, while it has no obligation to remit any amount to the Beneficiary prior to receiving it. In addition, the Demerged Entity is not allowed to dispose of these assets in any way other than in order to secure the remittance to the Beneficiary Entity and on condition of receipt of the prior written consent of the latter.

iii. The Beneficiary Entity assumes the tax reserves and provisions formed by the Demerged Entity which are related to the hived-down sector and which will continue to enjoy the tax exemptions under the same conditions that apply to the Demerged Entity, in accordance with the provisions of Article 52 of Law 4172/2013.

Furthermore, the Beneficiary Entity shall transfer the tax losses of the Demerged Entity on the Date of Demerger and the excess lending costs arising from the application of

Article 49 of Law 4172/2013, as the above are related to the hived-down sector, under the same conditions that also apply to the Demerged Entity.

iv. Any pending lawsuits of the Demerged Entity related to the hived-down sector will continue *ipso jure* by the Beneficiary Entity or against it, without any specific reference needed by the Beneficiary Entity for the continuation of the proceedings, and no legal interruption of the trial will take place due to the demerger. Regarding any pending lawsuits of the Demerged Entity relating to the hived-down sector that are conducted abroad, the Demerged Entity and the Beneficiary Entity shall carry out all acts required by applicable procedural law for the continuation of the proceedings by the Beneficiary Entity, and if required by the foreign applicable procedural law, the proceedings shall continue with both the Beneficiary Entity and the Demerged Entity as litigants. To the extent that in these cases it is not possible for the Beneficiary Entity to continue the proceedings, these shall be continued by the Demerged Entity, and otherwise, the provisions of sub-paragraph (ii) shall apply accordingly.

The Demerged Entity shall acquire all shares of the Beneficiary Entity at the Date of Demerger and shall become its sole shareholder. From the Date of Demerger, the Beneficiary shall take the necessary actions for the Demerged Entity to be registered as the sole shareholder in the shareholders' registry to be kept by the Beneficiary Entity, in accordance with Article 40, par. 2 of L. 4548/2018. The Beneficiary Entity shall also ensure the issuance and delivery of all share titles to the Demerged Entity in accordance with Article 40, par. 3 of L. 4548/2018.

6. The shares that the Demerged Entity will acquire in the Beneficiary Entity shall provide the right to participate in profits in relation to each dividend distribution that will take place from the Date of Demerger and thereafter.

7. All actions of the Demerged Entity which are carried out from the 1<sup>st</sup> of July 2021 until the Date of Demerger and concern the hived-down sector shall be considered, from an accounting and tax point of view, as conducted on behalf of the Demerged Entity, as provided for in article 59, par. 2(e), and 70 of L. 4601/2019.

Finally, we point out that it is not necessary to provide additional information on the legal and financial position of affiliated companies in the Group, as this is not required for the explanation and justification of the Draft Demerger Deed.

Based on the above, the Board of Directors of the Demerged Entity considers that the demerger through hive-down and establishment of a new company is completely justified from a financial and legal point of view, and serves the corporate interests of the Demerged Entity. Therefore, it submits this report to the General Meeting of the shareholders of the Demerged Entity, and proposes the approval of the Draft Demerger Deed, and of the proposed demerger in general.

Marousi, 30.09.2021

FOR THE BOARD OF DIRECTORS

Andreas Shiamishis  
Chief Executive Officer