JUGOPETROL A.D.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

GENERAL INFORMATION

Board of Directors

From 01/01/2021 - 30/03/2021

1. Georgios Georgiou - President of the Board
2. Panagiotis Loukas - member
3. Tripko Krgović - member
4. Panagiotis Athanasopoulos - member
5. Theodora Papadimitriou - member
6. Konstantinos Pantazis - member
7. Dejan Bajić - member

From 31/03/2021 - 22/12/2021

1. Panagiotis Loukas - President of the Board
2. Georgios Gregoras - member
3. Tripko Krgović - member
4. Panagiotis Athanasopoulos - member
5. Theodora Papadimitriou - member
6. Antonios Kelesis - member
7. Dejan Bajić - member

From 23/12/2021 - 31/12/2021

1. Panagiotis Loukas - President of the Board
2. Maria Patsalides - member
3. Tripko Krgović - member
4. Charikleia Vardakari - member
5. Ioannis Dimarakis - member
6. Antonios Kelesis - member
7. Dejan Bajić - member

Company headquarters

Stanka Dragojevica bb
81000 Podgorica
Montenegro

Banks

Crnogorska Komercijalna Banka
Hipotekarna Banka A.D. Podgorica
NLB Montenegro Banka
Prva banka Crne Gore
Erste Banka
Addiko Bank

Audit Company

Ernst & Young Montenegro d.o.o.
Stanka Dragojevica bb, street
Building Universal Capital Bank, II floor
81000 Podgorica
Montenegro

Ernst & Young Montenegro d.o.o.
Podgorica, ul. Stanka Dragojevića bb
Zgrada Universal Capital Bank,II sprat
Tel: +382 20 238 477
Fax: +382 20 238 476
ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AKCIONARSKO DRUŠTVO ZA ISTRAŽIVANJE, EKSPLOATACIJU I PROMET NAFTNIH DERIVATA "JUGOPETROL", PODGORICA

Opinion

We have audited the financial statements of Jugopetrol AD Podgorica (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and the accounting regulations of Montenegro.

Basis for opinion

We conducted our audit in accordance with Standards on Auditing applicable in Montenegro. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Montenegro, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Building a better working world

Contingent liability for legal dispute with Montenegro Bonus doo Cetinje

As described in Note 33 Commitments and contingencies to the financial statements, as at 31 December 2021 the Company disclosed contingent liability resulting from the uncertainties related to the outcome of the lawsuits filed by Montenegro Bonus doo Cetinje.

We identified the assessment of contingent liability for legal dispute with Montenegro Bonus doo Cetinje as a key audit matter because the estimates on which this contingent liability is based involve a significant degree of management judgement supported by legal expert opinion in determining possible outcome and the amount is significant to the financial statements.

We identified controls designed and operated by the Company relating to monitoring litigation and assessing the probable outcome. In addition, we obtained a list of active litigations filed by Montenegro Bonus doo Cetinje and related (contingent) liabilities assessed by the Company as of the year end and discussed with the Company's legal team the nature of material litigation, developments across key matters and their status.

We discussed legal developments with the Company's external lawyers, read audit enquiry response letters from external legal counsel and went through determinations and judgements made by the courts. We also assessed the adequacy of the disclosures included in Notes 2.13 Significant accounting policies – Provisions and Note 33 Commitments and contingencies of the accompanying financial statements in accordance with the Law on Accounting and accounting regulations of Montenegro (IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Building a better working world

Key audit matters (continued)

Revenue recognition

The Company recognized revenue for the year ended 31 December 2021 amounting to EUR 149.889.262 as disclosed in the Note 23 Revenues to the financial statements. Significant management judgement is required in order to determine the transaction price for the performance obligation including any element of variable consideration (discounts, rebates and other form of customer incentives). Given the different contractual arrangements with customers and the judgement to be exercised in evaluating the expected discounts, revenue recognition of customer bonuses and rebates represents a key audit matter.

We understood and evaluated design of internal controls related to revenue recognition and tested their operation effectiveness. In addition, we performed an examination on a sample of customers with the highest annual turnover to determine whether the contractually agreed and awarded discounts, customer bonuses, and rebates, as well as payments to trading partners without identifiable counter service were taken into consideration in measuring the transaction price for the respective contract and recognizing revenue for the period.

For a sample of customers we circulated request for confirmation of trade receivables as of the balance sheet date. We tested transactions around the year–end to assess whether revenues were recognized in the correct accounting period. We performed analytical procedures for revenues to obtain further understanding of trends during the year, their relation with trade receivables and cash, as well as profit margin analysis. We also tested a sample of journal entries recognized to revenue focusing on unusual or irregular transactions. We assessed the adequacy of the disclosures included in Note 2.17 Significant accounting policies – Revenue recognition and Note 23 Revenues of the accompanying financial statements in accordance with the Law on Accounting and accounting regulations of Montenegro (IFRS 15 Revenue from Contracts with Customers).

Other information included in the Company's Annual Management Report

Other information consists of the information included in the Annual Management Report other than the financial statements and our auditor's report thereon. Management is responsible for the preparation of other information in accordance with the legal requirements of the Montenegro.

Our opinion on the financial statements does not cover the Other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with Law on Accounting of Montenegro, in particular, whether the other information complies with the Law on Accounting of Montenegro in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
2. the other information is prepared in accordance with requirements of the Law on Accounting of Montenegro.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Law on Accounting and the accounting regulations of Montenegro, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Standards on Auditing applicable in Montenegro 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 Standards on Auditing applicable in Montenegro, we exercise professional judgement 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Danijela Mirković.

Podgorica, 29 March 2022

Danijela Mirković
Authorized auditor

DRUŠTVO ZA REVIZIJU
ERNST & YOUNG MONTENEGRO DOO
PODGORICA

Ernst & Young Montenegro d.o.o.
Podgorica, Montenegro

BALANCE SHEET/ASSETS
AS AT 31/12/2021

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2021	2020
1	2	3	4	5	6
	ASSETS				
00	**A. UNPAID REGISTERED CAPITAL**	001		-	-
	B. FIXED ASSETS (003+008+016)	002		**54.518.877**	**53.113.608**
01	I INTANGIBLE ASSETS (004 to 007)	003	5	6.291.283	6.218.292
010	1. Investments in development	004			-
011 and 014	2. Concessions, patents, licenses and similar rights and other intangible assets	005		5.344.312	5.347.180
012	3. Goodwill	006		848.942	848.942
016 and 015	4. Advances for intangible assets and intangible assets in preparation	007		98.029	22.170
	II. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (009+010+011+015)	008	6	46.613.931	45.166.219
020 and 022	1. Land and buildings	009		37.615.706	33.751.279
023, 027 (part)	2. Plant and Equipment	010		5.984.334	5.911.213
	3. Other installed equipment, tools and equipment (012+013+014)	011		1.738.447	1.743.387
024	3.1. Investment properties	012		1.738.447	1.743.387
021 and 025	3.2. Biological Assets	013			-
026 and 029	3.3. Other unspecified material fixed assets	014			-
028 and 027	4. Advances in property, plant, equipment and biological assets and property, plant, equipment and biological assets in preparation	015		1.275.444	3.760.339
	III LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (017 through 023)	016	7	1.613.663	1.729.097
030, 039(part)	1. Shares in subsidiaries	017	7a	2.349	2.349
033(part) 039(part)	2. Long-term loans to parent and subsidiary legal entities	018			-
031(part) 032(part) 039(part)	3. Participation in equity with legal entities (excluding subsidiaries)	019	7a, 7b	78.508	79.315
033(part) 039(part)	4. Long-term loans to legal entities with equity participation (excluding subsidiaries)	020		-	-
031(part) 032(part)	5. Equity Capital, which are measured at equity	021		-	-
032(part) 034, 035, 036, 039(part)	6. Long-term financial investments (loans and securities given)	022		-	-
038, 039(part)	7. Other long-term investments and receivables	023	7c	1.532.806	1.647.433
288	**C. DEFERRED TAX ASSETS**	024			-
	D. CURRENT ASSETS (026+031+039+043+044)	025		**56.994.825**	**52.819.710**
	I. INVENTORIES (027 to 030)	026	8	**17.044.301**	**9.830.890**
10	1. Inventory of materials (fabrication material, spare parts, small inventory and car tires)	027		106.756	142.117
11	2. Work in progress	028		-	-
12 and 13	3. Finished products and goods	029		16.633.688	9.458.166
15	4. Advances given	030		303.857	230.607
	II. SHORT-TERM RECEIVABLES (032 to 035)	031	9	16.772.477	14.139.848
202, 203, 209(part)	1. Receivables from buyers	032	9a	10.814.482	8.738.841
200, 209(part)	2. Receivables from parent companies and subsidiaries	033		-	-

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2021	2020
201, 209(part)	3. Receivables from other related parties	034		-	-
	4. Other receivables (036+037+038)	035	9b	5.957.995	5.401.007
223	4.1. Prepaid corporate income tax	036			-
27	4.2. Receivables on Value Added Tax	037	13	5.472.076	4.033.601
21, 22, except 223	4.3. Other unmentioned receivables	038		485.919	1.367.406
	III. SHORT-TERM FINANCIAL INVESTMENTS (040 to 042)	039	10	163.648	164.105
236(part)	1. Share in equity of subsidiaries intended for trading	040			-
237	2. Redeemed own shares	041			-
23 except 236(part), except 237	3. Other short-term financial investments	042		163.648	164.105
24	IV. CASH ON ACCOUNTS AND IN HAND	043	11	23.014.399	28.684.867
04	V. FIXED ASSETS FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	044	6	-	-
28 except 288	**E. ACCRUALS**	045	12	**248.521**	**73.180**
	F. TOTAL ASSETS	046		**111.762.224**	**106.006.498**
	LIABILITIES				-
	A. CAPITAL (102+103+104+105+111+116)	101	14	**94.118.133**	**91.816.595**
30	I. BASIC CAPITAL	102	14.1	67.986.605	67.986.605
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
320	III. EMISSION PREMIUM	104		-	-
	IV. RESERVES (106+107+108+109-110)	105		8.406.081	8.374.513
321	1. Legal reserves	106			-
322(part)	2. Statutory reserves	107	14.2	2.469.979	2.469.979
322(part)	3. Other reserves	108	14.2	6.080.719	6.080.719
330 and cb 331, 332, 333, 334, 335, 336	4. Positive revaluation reserves and unrealized gains on financial assets and other components of other comprehensive result	109		163.009	130.634
db 331, 332, 333, 334, 335, 336	5. Negative revaluation reserves and unrealized losses on financial assets and other components of other comprehensive result	110		(307.626)	(306.819)
	V. RETAINED EARNINGS OR LOSS (112+113-114-115)	111		17.725.447	15.455.477
340	1. Retained earnings from previous years	112		12.197.697	12.885.468
341	2. Retained earnings for the current year	113		5.527.750	2.570.008
350	3. Loss of previous years	114		-	-
351	4. Loss of current year	115		-	-
	VI. NON-CONTROLLING INTEREST	116		-	-
	B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES (118+123)	117		**1.834.436**	**922.486**
	I. LONG-TERM PROVISIONS (119 to 121)	118	15	373.255	414.616
404(part)	1. Provisions for employee benefits and other benefits	119		373.255	414.616
400(part)	2. Provisions for expenses in the warranty period	120		-	-
40, except 400 and 404	3. Other long-term provisions	121		-	-
41	II. LONG - TERM LIABILITIES (122+123)	122		1.461.181	507.871
414, 415	1. Long-term loans	123		-	-
41 except 414, 415	2. Other long-term liabilities	124	6	1.461.181	507.871
498	**C. DEFERRED TAX LIABILITIES**	125	16	**88.158**	**85.040**
495(part)	**D. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS**	126		-	-
	E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (128+129)	127		**14.623.773**	**12.193.304**

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2021	2020
467	I SHORT-TERM PROVISIONS	128		-	-
	II SHORT-TERM LIABILITIES 130 to 137)	129		14.623.773	12.193.304
422(part) 423(part) 424(part) 425(part) 426 and 429(part)	1. Liabilities arising from loans and borrowings from persons other than credit institutions	130		-	-
422(part) 423(part) 424(part) 425(part) 429(part)	2. Loan liabilities from credit institutions	131		-	-
430	3. Prepayments, deposits and bails	132	18	1.475.893	1.244.571
433, 434	4. Liabilities to suppliers	133	19	2.587.470	2.057.966
439(part)	5. Liabilities on bills of exchange	134			-
420 and 431	6. Liabilities to the parent and subsidiaries entities	135	32c	1.080.534	889.958
421 and 432	7. Liabilities to other related parties	136			-
	8. Other operating liabilities and other short-term liabilities (138 to 142)	137		9.479.875	8.000.810
439(part)	8.1. Other operating liabilities	138	17	151.439	237.787
45 and 46	8.2. Other short-term liabilities	139	20	607.461	532.794
47,48 except 481	8.3. Liabilities for Value Added Tax and other public revenues	140	21	8.158.987	6.967.698
481	8.4. Liabilities for corporate income taxes	141		561.989	262.530
427	8.5. Liabilities arising from assets held for sale and business that has been discontinued	142		-	-
490, 491, 494, 495(part), 496,497, 499	**F. ACCRUALS**	143	22	**1.097.723**	**989.073**
	G. TOTAL LIABILITIES (101+117+125+126+127+142)	144		**111.762.224**	**106.006.498**

In Podgorica,

Date 29/03/2022

Person responsible for preparation of the financial statement

....

Legal representative

L.S.

....

Jugopetrol akcionarsko društvo za istraživanje, proizvodnju i promet naftnih derivata, eksploataciju Podgorica JPK 2

INCOME STATEMENT
FOR THE PERIOD FROM 01/01/2021 TO 31/12/2021

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2021	2020
1	2	3	4	5	6
60 and 61	**1. Sales revenue - net income**	201	23	**149,889,262**	**82,301,014**
630, 631	**2. Change in value of finished goods inventories and work in progress**	202			-
62	**3. Revenue from the effects and goods activation**	203			-
	4. Other operating income (205 to 207)	204	24	**971,464**	**2,355,226**
64, 65	a) Other operating income	205		183,578	197,141
67,691,692	b) Other operating income	206		787,886	2,158,085
68, except 683, 685	c) Income from value adjustments of assets	207			-
	5. Operating expenses (209+210)	208	25	**140,749,719**	**78,122,657**
50, 51	a) Cost of goods sold and the cost of materials	209		127,652,881	66,590,773
53, 54, 55	b) Other operating expenses (provisions and other operating expenses)	210		9,600,083	8,408,634
54 (part)	Depreciation	210a		3,496,755	3,123,250
	6. Wages expenses, wage compensation and other personal expenses (212+213)	211	26	**3,015,785**	**2,762,007**
52 (part)	a) Net wage costs, wage compensation and personal expenses	212		1,997,820	1,753,369
	b) Tax and contribution costs (214 to 216)	213		1,017,965	1,008,638
52(part)	1/ Tax costs	214		225,260	217,794
52(part)	2/ Pension contribution costs	215		456,272	458,087
52(part)	3/ Contribution costs	216		336,433	332,757
	7. Expenses on value adjustments of assets (other than financial) (218+219)	217		**65,979**	**111,793**
580,581,582, 589(part)	a) Expenses on value adjustments of fixed assets (excluding financial assets)	218			
584,589(part)	b) Expenses on value adjustments of current assets (excluding financial assets)	219		65,979	111,793
57, 591, 592	**8. Other operating expenses**	220	27	**1,013,129**	**914,503**
	I. Operating Result (201+202+203+204-208-211-217-220)	221		6,016,116	2,745,281
	9. Income from share in equity (223 to 225)	222		-	-
660(part)	a) Income from share in equity of subsidiaries	223		-	-
661(part)	b) Income from share in equity of other related parties	224		-	-
669(part)	c) Income from share in equity of unrelated legal entities	225		-	-
	10. Income from other financial investments and loans (interest rates, foreign exchange differences and effects of contractual hedging) (227 to 229)	226		-	-
660(part)	a) Income from other financial investments and loans from parent and subsidiaries	227		-	-
661(part)	b) Income from other financial investments and loans from other related legal entities	228		-	-
662(part) 663(part) 664(part) 669(part)	c) Income from other financial investments and loans from unrelated legal entities	229		-	-
	11. Other income from interest, exchange rate differences and other contractual hedging effects (231 to 233)	230	28	**117,932**	**137,473**
660(part)	a) Financial income from current receivables from parent and subsidiaries	231		-	-
661(part)	b) Financial income from current receivables from other related legal entities	232		-	-
662(part) 663(part) 664(part) 669(part)	c) Financial income from current receivables from unrelated legal entities	233		117,932	137,473
	12. Value adjustment of short-term financial assets and financial investments that are part of current assets (235-236)	234		-	-

Group of accounts, Account	POSITION	No.	Note No.	Amount 2021	2020
683, 685	a) Income from the value adjustment of short-term financial assets and financial investments that are part of current assets	235		-	-
583, 585	b) Costs from the value adjustment of short-term financial assets and financial investments that are part of current assets	236		-	-
	13. Interest expenses, foreign exchange differences and other contractual protection effects (238 to 240)	237	29	**35.775**	**36.670**
560	a) Interest expenses, foreign exchange differences and other effects of contractual protection based on relations with the parent and subsidiaries	238		-	-
561	b) Interest expense, foreign exchange differences and other contractual hedging effects of relationships with other related parties	239		35.775	36.670
562, 563, 564, 569	c) Interest expenses, foreign exchange differences and other effects of contractual protection on relationships with unrelated parties	240		-	-
	II. Financial Result (222+226+230+234−237)	241		**82.157**	**100.803**
	III. Operating result before taxation (221+241)	242		**6.098.272**	**2.846.084**
690 - 590	**IV. Net Result of operations which is suspended**	243			-
	V. Result before taxation (242+243)	244		**6.098.272**	**2.846.084**
	14. Tax expense of the period (246+247)	245	30	**570.522**	**276.076**
721	1. Current corporate income tax	246		567.331	262.530
722	2. Deferred tax expenses or income for the period	247		3.191	13.546
	15. Profit or loss after tax (244-245)	248		**5.527.750**	**2.570.008**
	VI. Gross Result of other Result items/related to capital/ (250 to 257)	249		31.568	49.955
330	1. Changes in revaluation reserves on property, plant and equipment, intangible assets and biological assets	250		(734)	26.148
331	2. Changes in unrealized gains and losses on translation of foreign financial statements	251		-	-
332	3. Changes in unrealized gains and losses on equity investments	252		-	-
333	4. Changes in actuarial gains and losses on defined benefit plans (or losses) in connection with defined benefit plans	253		32.302	23.806
334	5. Changes in participation in other comprehensive affiliate result	254		-	-
335	6. Changes in unrealized gains and losses on instruments for hedging net investment in foreign operations	255		-	-
336	7. Changes in revaluation reserves based on cash flow hedges	256		-	-
337	8. Other changes in unrealized gains and losses	257		-	-
	VII. Deferred tax expenses or income of the period in connection with other items of Result / related to equity /	258		-	-
	VIII. Net Result of other Result items / related to capital / (249-258)	259		**31.568**	**49.955**
	IX. Net Comprehensive Result (248-259)	260		**5.559.318**	**2.619.963**
	X. Earnings per share	261		1,19	**0,56**
	1. Basic earnings per share	262	31	1,19	0,56
	2. Reduced (diluted) earnings per share	263		-	-
	XI. Net Result belonging to the owners of the parent legal entity	264		-	-
	XII. Net Result belonging to non-controlling participations	265		-	-

In Podgorica,

Date 29/03/2022

Person responsible for preparation of the financial statement

....

L.S.

Legal representative

....

JUGOPETROL akcionarsko društvo za istraživanje, proizvodnju i promet nafte i naftnih derivata, Podgorica, eksploatacija JPK 2

CASH FLOW STATEMENT
FOR THE PERIOD FROM 01/01/2021 TO 31/12/2021

POSITION	No.	Amount	
		2021	2020
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
1. Result before taxation	301	6.098.272	2.846.084
2. Depreciation	302	3.496.755	3.123.250
3. Change in inventories	303	(7.213.411)	1.950.016
4. Change of accounts receivable	304	(1.194.154)	1.836.996
5. Change of liabilities to suppliers	305	951.401	(1.536.697)
6. Change of reservation	306	(41.360)	(6.818)
7. Interest paid	307	-	-
8. Corporate Income Tax	308	(246.778)	(383.163)
9. Payments for other public revenues	309	-	-
10. Changes in deferred taxes and other non-cash items that affect the cash flow from operating activities	310	(728.573)	675.654
I. Net cash flow from operating activities (1 to 10)	311	1.122.152	8.505.323
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I. Cash inflows from investing activities (1 to 5)	312	752.785	1.911.913
1. Sale of shares and units	313	-	-
2. Sale of intangible assets, properties, plant, equipment and biological assets	314	721.454	1.879.767
3. Other financial placements	315	-	-
4. Interest received from investing activities	316	31.330	32.146
5. Dividends received	317	-	-
II. Cash outflows from investing activities (1 to 3)	318	4.179.666	6.915.303
1. Buying stocks and shares	319	-	-
2. Purchase of intangible assets, properties, plant, equipment and biological assets	320	4.179.666	6.915.303
3. Other financial placements	321		
III. Net cash flow from investing activities (I-II)	322	(3.426.881)	(5.003.390)
C. CASH FLOW FROM FINANCIAL ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	323	197.218	(201.661)
1. Increase of basic capital	324	-	-
2. Long-term and short-term loans	325	197.218	(201.661)
3. Other long-term and short-term liabilities	326	-	-
II. Cash outflows from financing activities (1 to 4)	327	3.562.201	2.380.736
1. Acquisition of own shares and shares	328	-	-
2. Long-term and short-term loans and other liabilities	329	82.134	53.747
3. Financial leasing	330	222.285	-
4. Dividends paid	331	3.257.782	2.326.989
III. Net cash flow from financing activities (I-II)	332	(3.364.983)	(2.582.397)
D. NET CASH FLOW (311+322+332)	333	(5.669.711)	919.536
E. CASH AT THE BEGINNING OF THE REPORTING PERIOD	334	28.684.867	27.769.648
F. FOREIGN EXCHANGE RATE GAINS ON CASH TRANSFER	335	13.329	8.594
G. FOREIGN EXCHANGE RATE LOSS ON CASH TRANSFER	336	14.086	12.911
H. CASH AT THE END OF THE REPORTING PERIOD (333+334+335-336)	337	**23.014.399**	**28.684.867**

In Podgorica,

Person responsible for preparation of the financial statement

Legal representative

Date 29/03/2022

L.S.

Jugopetrol akcionarsko društvo za istraživanje, proizvodnju i promet nafte i naftnih derivata, Podgorica

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 01/01/2021 TO 31/12/2021

Items	Description	Nr	Share capital (Group 30 less 309)	Nr	Other capital (Acc 309)	Nr.	Unpaid subscribed capital (Group 31)	Nr	Share premium (Acc 320)	Nr	Reserves (Acc. 321, 322)	Nr	Revaluation reserves (Acc 33)	Nr	Retained earnings (Group 34)	Nr	Loss (Group 35)	Nr	Treasury shares and stakes (Acc. 237)	Nr	Total (col. 2+3+4+5+6+7+8-9-10)
	1		2		3		4		5		6		7		8		9		10		11
1.	**Balance as at 01/01/2020**	401	**67.986.605**	410		419		428		437	**8.550.698**	446	**(226.139)**	455	**15.212.454**	464	-	473	-	482	**91.523.618**
2.	Adjustments of material errors and changes in accounting policies in previous year	402	0	411		420		429		438	0	447	0	456	0	465	-	474	-	483	0
3.	**Adjusted opening balance as at 01/01/2020(no. 1+2)**	403	**67.986.605**	412		421		430		439	**8.550.698**	448	**(226.139)**	457	**15.212.454**	466	-	475	-	484	**91.523.618**
4.	Net changes in 2019.	404	0	413		422		431		440	0	449	**49.955**	458	**243.022**	467	-	476	-	485	**292.977**
5.	**Balance as at 31/12/2020 (no. 3+4)**	405	**67.986.605**	414		423		432		441	**8.550.698**	450	**(176.185)**	459	**15.455.477**	468	-	477	-	486	**91.816.595**
6.	Adjustments of material errors and changes in accounting policies in previous year	406	0	415		424		433		442	0	451	0	460	0	469	-	478	-	487	0
7.	**Adjusted opening balance as at 01/01/2021 (no. 5+6)**	407	**67.986.605**	416		425		434		443	**8.550.698**	452	**(176.185)**	461	**15.455.477**	470	-	479	-	488	**91.816.595**
8.	Net changes in 2019.	408	0	417		426		435		444	0	453	31.568	462	2.269.971	471	-	480	-	489	**2.301.539**
9.	**Balance as at 31/12/2021 (no. 7+8)**	409	**67.986.605**	418		427		436		445	**8.550.698**	454	**(144.617)**	463	**17.725.447**	472	-	481	-	490	**94.118.133**

In Podgorica,

Date 29/03/2022

Person responsible for preparation of the financial statement

....

L.S.

Jugopetrol akcionarsko društvo za istraživanje, eksploataciju i promet nafte i naftnih derivata, Podgorica

JPK

2

Legal representative

....

(All amounts expressed in EUR, unless otherwise stated)

1. Corporate information

Jugopetrol A.D. (hereinafter also referred to as “the Company”) was established in 1947 as a state-owned company based on the decision of the Government of the Socialist Federal Republic of Yugoslavia. On January 1, 1996, following the Company’s ownership transformation, the Company was re-registered as a shareholding company under the name of Jugopetrol A.D. Kotor. In October 2002, Hellenic Petroleum International S.A. acquired 54.4% of the Company’s share capital from the Government and certain government agencies of Montenegro. The registered Company’s address up to December 10, 2014 was Trg Mata Petrovica number 2, Kotor. Due to business reasons, the Company decided to change its headquarters and from December 10, 2014 the Company’s registered address is Stanka Dragojevica bb, Podgorica.

The Company is the main supplier of oil products in Montenegro. Its main activities include wholesale of oil products through the operation of storage facilities in Bar and two airport fuelling depots in Tivat and Podgorica, as well as retail and distribution of oil products through the operation of 44 petrol stations, 2 internal petrol station at AS Tivat and Podgorica and 3 yachting petrol stations.

The average number of employees during the reporting period was 99 (2020: 98 employees). Below is an overview of the number of employees based on month-end data.

	2021	2020
January	99	97
February	99	97
March	99	97
April	100	96
May	102	98
June	101	99
July	100	97
August	101	97
September	99	97
October	98	98
November	98	99
December	94	99
Average number of employees	99	98

The Company is listed on stock market and its shares are traded on Montenegroberza Stock Exchange.

2. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Law on accounting ("Official Gazette of Montenegro", no. 145/21 of 31/12/2021) and the Decision on the application of International Accounting Standards ("IAS") in Montenegro ("Off. Gazette of Montenegro", no. 69/2002) and accounting regulation effective in Montenegro.

The Company has prepared these financial statements in accordance with the Rules on the content and form of financial statements ("Official Gazette of Montenegro", no. 139/21 of 29/01/2021) issued by the Institute of Certified Accountants of Montenegro on the basis of Article 1 of the Regulation amending the Regulation on the assignation of affairs of state administration in charge of accounting and auditing ("Official Gazette of Montenegro", 44/07 and "Official Gazette of Montenegro", 33/10).

Changes to the IAS and IFRS issued after January 1, 2003, were not published and officially adopted in Montenegro. In accordance with the Accounting Law of Montenegro, IAS and IFRS issued by International Accounting Standards Board, have to be translated by the appropriate competent authority of Montenegro that owns the right of the translation and publication thereof, approved by the International Federation of Accountants (IFAC).

2. Summary of significant accounting policies (continued)

2. 1. Basis of preparation (continued)

The last official translation was published for IAS that have been in force since 1st January 2009. i.e. part of IFRS in force since 1st January 2013 and includes only basic text and interpretations and does not include basis for conclusions, illustrative examples, application guidance, comments, opinions and other explanatory material. Also, the above translation does not contain translation of the Conceptual Framework for Financial Reporting.

The application of IFRS 16 - Leasing began on 1 January 2021, while the application of IFRS 9 - Financial instruments and IFRS 15 - Operating revenue from contracts with customers is deferred.

These financial statements are prepared on the historical cost basis, unless accounting policies requires otherwise.

a) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following changes IFRS which have been adopted by the Company as of 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. Management has assessed that the adoption of these amendments has no material impact on the Company's financial statements.

- IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

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.

b) Standards issued but not yet effective and not early adopted

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

2. Summary of significant accounting policies (continued)

2. 1. Basis of preparation (continued)

b) Standards issued but not yet effective and not early adopted (continued)

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.
In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- 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

Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)

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

2. Summary of significant accounting policies (continued)

2. 1. Basis of preparation (continued)

b) Standards issued but not yet effective and not early adopted (continued)

Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations in foreseeable future.
Given the ongoing pandemic caused by the COVID 19 virus, the Company takes all measures prescribed by the World Health Organization, the Institute of Public Health of Montenegro and has aligned its internal procedures with the procedures of the Hellenic Petroleum Group on prevention of the spread of the pandemic. The management does not expect significant impact of the pandemic on the Company's ability to continue as a going concern.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The BoD considers the business from a distribution channel perspective. The Company operates in one segment with two revenue streams (retail and wholesale).

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in EUR, which is the Company's functional and presentational currency.

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions in foreign currency and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 Intangible assets

a) *Licenses*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (do not exceed 5 years).

b) *Computer software*

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Costs include the software development employee costs and an appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs initially recognized as an expense cannot be recognized as an asset in future.

Computer software development costs recognized as an asset are amortized over their estimated useful lives (do not exceed 3 years).

c) *Right of use of land*

Right of use of land is accounted for at cost and is not amortised as the Company expects ownership to be eventually transferred.

The linear method is used to calculate depreciation on intangible assets.

2.6 Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

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. All other repairs and maintenance are charged to the income statement under operating expenses during the financial period in which they are incurred. If an investment property becomes owner occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to residual values over their estimated useful lives, as follows:

Buildings and structures	5%
Machinery and equipment	5-15%
Office furniture and fittings	20-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 (note 2.7).

2. Summary of significant accounting policies (continued)

2.7 Impairment of non-financial assets

Assets with indefinite useful life are not subject to depreciation and are tested for impairment annually. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists and where the carrying values exceed recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units), being the individual petrol stations and installations. Impairment losses are recognized in the income statement. If the circumstances that caused the impairments have been changed, previously recognized impairment losses are cancelled for previous years.

2.8 Financial assets

2.8.1 Initial recognition and measurement

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

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

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.17 Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b) Financial assets at amortised cost

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

2. Summary of significant accounting policies (continued)

2.8.1 Initial recognition and measurement (continued)

(b) Financial assets at amortised cost (continued)

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

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
The Company elected to classify irrevocably its listed equity investments under this category.

2.8.2 Derecognition and impairment

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of oil and oil derivatives comprises purchase value, transportation and insurance cost, import duties and other direct costs.

Carrying value of inventories is adjusted for surpluses/losses identified at stock counts organized at petrol stations and reservoirs on a monthly basis (installations) and quarterly (petrol stations). Inventory surpluses/losses are recognized in within "Other income/expense" in the income statement.

Inventories include advances to the suppliers for goods.

2. Summary of significant accounting policies (continued)

2.10 Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost 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 receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Other expenses' (note 27). When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited to 'Other income' in the income statement (note 24).

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current accounts with commercial banks.

2.12 Basic capital

a) Share Capital

Ordinary shares are classified as equity.

b) Reserves

Statutory reserves are recognized as 5% of the Company's profit after tax based on decisions of the Board of Directors and the Shareholders' Assembly. This distribution was done in the period from 2001 to 2003, based on Company's law from 1996 which is not in force anymore and it does not prescribe obligation to the companies to have legal reserves any more.

In accordance with the Collective Agreement portion of retained earnings was allocated to the housing fund based on the decisions of the Shareholders' Assembly. The purpose of this fund is to finance housing needs of the employees and accompanying expenses.

c) Revaluation reserves

Revaluation reserves arise from an increase in fair value measurement of available-for-sale assets.

2.13 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year.

2.15 Employee benefits

a) Pension obligations

The Company pays contributions to publicly administered pension insurance plans on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

2. Summary of significant accounting policies (continued)

2.15 Employee benefits (continued)

a) Pension obligations (continued)

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available (refer to the Note 26).

The Company provides jubilee awards and retirement employee benefit schemes. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and/or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The defined benefit obligation is valued annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments are charged or credited to the income statement in the period in which they arise. (Note 15)

b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.16 Current and deferred income tax

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

Income taxes currently due are calculated and paid in accordance with the Montenegrin Tax Law ("Official Gazette of Montenegro", 65/01, 12/02, 80/04, 40/08, 86/09, 40/11, 14/12, 61/13 i 55/16), by applying the tax rate of 9%. The calculated income tax is paid no later than three months after the expiration of the period for which tax is being assessed as determined by the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it, on condition that it has not previously been accounted for, arises from an initial recognition of an asset or liability in a transaction other than a business combination which 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legal basis to offset current tax assets against current tax liabilities, when deferred tax assets and liabilities relate to the income tax established by tax authorities to one or a number of taxpayers, and in case of an intention to settle accounts on net basis.

2.17 Revenue recognition

Revenue from contracts with customers

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively.

2. Summary of significant accounting policies (continued)

2.17 Revenue recognition (continued)

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:

Sales of goods – wholesale & retail

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

Provision of services

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

Variable consideration

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

Volume discounts

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

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

Interest income

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

2.18 Leases

Transition to IFRS 16

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 month or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments.

2. Summary of significant accounting policies (continued)

2.18 Leases (continued)

The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The following categories of leases were identified and entirely relate to land, cars, real estate, where as a consequence of the change to IFRS 16 as of 1 January 2019 contracts that previously had been recognized as operating leases, now qualify as leases as defined by the new standard (Note 6).

During the first-time application of IFRS 16, the right to use the leased asset was generally measured at the amount of lease liability, using the average incremental borrowing rate of 3%.

2.19 Distribution of dividends

The distribution of dividends to the shareholders of the company is recognized in the period when the dividends were approved by the shareholders.

2.20 Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

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

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

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) represents a separate major line of business or geographical area of operations
b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
c) is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.21 Investment property

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are recognized at cost less accumulated depreciation and impairment.

Investment properties are derecognized when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

2. Summary of significant accounting policies (continued)

2.21 Investment property (continued)

Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Method of depreciation and impairment of investment property is the same as of tangible fixed assets. Assessment of impairment is performed annually.

3. Financial risk management

3.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on individual risk areas by addressing each class of risk individually.

Risk management is carried out by the Company's management under policies approved by the parent company. The management identifies and evaluates financial risks in close co-operation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

a) Market risk

i. Foreign exchange risk

The Company operates and sells mainly in Montenegro and neighbouring countries. Due to the fact that the functional currency of the Company is EUR and sales and purchases are denominated in EUR, management assessed exposure to foreign currency fluctuations as immaterial.

ii. *Price risk*

The Company has exposure to the risk of commodity prices of oil. However, taken into consideration the fact that selling prices follow market prices of oil, exposure to price risk is not material.

iii. *Cash flow and fair value interest rate risk*

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term deposits included within cash and cash equivalents. Given current market interest rates cash flow risk is assessed as not material.

b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history.

Sales to retail customers are made in cash or via major credit cards. The Company has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the possibility of settling of the market position.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

3. Financial risk management (continued)

3.2 Capital risk management (continued)

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. In 2021 the Company did not use any borrowings from the banks. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

3.3. Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value less impairment provision of receivables and liabilities is assumed to approximate their fair values.

4. Critical accounting estimates and judgments

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

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

a) Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will amend the depreciation charge where useful lives are changed from previous estimates or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Employee benefit schemes

The present value of the obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for other employee benefits include the expected discount rate. Any changes in these assumptions will impact the carrying amount of these obligations.

The Company determines the appropriate discount rate at the end of each year. This is the difference between market interest rate applicable for that year and contracted interest rate and is used to determine the present value of estimated future cash outflows expected to be required to settle the obligations for other employee benefits. Other key assumptions for obligations for other employee benefits are based partially on the current market conditions.

c) Tax legislation

Value added tax

The Company assumes that all VAT reclaimable from the Tax authorities will be received within one year, unless specific impairment provision is created.

d) Litigations

As disclosed in note 33, the Company is involved in several litigation proceedings, the ultimate outcome of which could not be determined. Based on external legal advice, the Company raises provisions where an outflow of resources is expected.

4.2 Critical accounting judgments

a) Impairment of fixed assets

The Company tests fixed assets for impairment if there are any impairment indicators. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

4. Critical accounting estimates and judgments (continued)

4.2. Critical accounting judgements (continued)

a) Impairment of fixed assets (continued)

These calculations require the use of estimates which are determined based on a historical data corrected for the projected changes in the market conditions.

b) Impairment of available - for sale financial assets

The Company follows the guidance of IFRS 9 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

c) Deterioration of the economy

Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

(All amounts expressed in EUR, unless otherwise stated)

5. Intangible assets

	Software and licences	Right of use of land	Goodwill	Construction in progress	Total
Year ended 31 December 2020					
Opening net book amount	546,931	4,852,604	848,942	13,750	6,262,227
Additions				46,020	46,020
Transfer from CIP	37,600			(37,600)	-
Transfer from CIP tangibles	720				720
Disposals					
Depreciation charge	(90,676)				(90,676)
Closing net book amount	494,576	4,852,604	848,942	22,170	6,218,292
Year ended 31 December 2020					
Cost	1,601,931	4,852,604	848,942	22,170	7,325,646
Accumulated depreciation	(1,107,355)	-	-	-	(1,107,355)
Net book amount	494,576	4,852,604	848,942	22,170	6,218,292
Year ended 31 December 2021					
Opening net book amount	494,576	4,852,604	848,942	22,170	6,218,292
Additions				151,452	151,452
Transfer from CIP	75,593			(75,593)	
Transfer from CIP tangibles	4,026				4,026
Depreciation charge	(82,487)				(82,487)
Closing net book amount	491,708	4,852,604	848,942	98,029	6,291,283
Year ended 31 December 2021					
Cost	1,681,324	4,852,604	848,942	98,029	7,480,899
Accumulated depreciation	(1,189,616)				(1,189,616)
Net book amount	491,708	4,852,604	848,942	98,029	6,291,283

The right of use of land at Installation Bar, Kotor, and Air depot in Tivat is regulated by the “Law on Coastal Zone Protection Area” from 1992. These land lots were acquired via purchase in the late 1960s and early 1970s, and due to the then legal framework (the case of public ownership), the Company could not be registered as an owner of the land. Instead, these land plots were registered as in public property with the right of use of land lots held by the Company. The right of use of land is treated as an intangible asset and recognized at cost. No amortization is charged as the Company expects the ownership to be eventually transferred.

Notwithstanding the above, the Company in 1999 entered into a lease agreement with the public company “Morsko Dobro” (Maritime Domain Authority) for the aforementioned land lots. This contract was extended until 2027 by the annex signed in 2002. For the lease of land, the Company pays a monthly fee of 6,133 EUR. Until 31/12/2018, the lease paid to “Morsko Dobro” was accounted for as an expense. From 1/1/2019, the lease agreement is accounted for under the provisions of IFRS16.

Goodwill represents the intangible assets consisting of cash surplus value which is transmitted through the participation i.e. Company's share in the net fair value of identifiable assets (land, building, tanks, etc.) purchased from Dak petrol. It consists of established network, regular customers, etc.

Valuation of goodwill after initial recognition is done annually or more frequently if events or changes in circumstances indicate the possible existence of impairment in accordance with IAS 36. The net book value of goodwill is compared with its recoverable value, which is the higher of value in use and fair value reduced for costs.
Any impairment is recognized immediately as an expense and is not subsequently reversed.

The balance of position “Transfer from CIP tangibles” (4,026 EUR) is in correlation with the balance on the same position in the table of Property, plant, equipment and biological assets (-4,026 EUR note 6). When placing the asset into use its right and concessions part has been transferred from tangible assets to intangibles.

(All amounts expressed in EUR, unless otherwise stated)

6. Property, plant, equipment and biological assets

	Land	Land held for sale	Buildings	Buildings held for sale	RoU and effect under IFRS 16	Machinery and equipment	Investment property	Construction in progress (CIP)	Total
Year ended 31 December 2020									
Opening net book amount	14,171,659	867,000	14,299,394	71,857	1,216,558	5,141,775	1,748,328	5,194,813	42,711,384
Additions	-	-	-	-	3,151	-	-	6,864,642	6,867,794
Transfer from CIP	-	-	6,327,561	-	-	1,915,361	-	(8,242,922)	-
Transfer from CIP to intangibles	-	-	-	-	-	-	-	(720)	(720)
Disposals	(185,515)	(867,000)	(168,596)	(71,857)	-	(31,223)	-	(15,700)	(1,339,891)
Transfer between the group	-	-	-	-	-	-	-	(39,774)	(39,774)
Depreciation charge	-	-	(1,588,084)	-	(324,849)	(1,114,700)	(4,941)	-	(3,032,574)
Net book amount	13,986,144	-	18,870,275	-	894,860	5,911,213	1,743,387	3,760,339	45,166,219
Year ended 31 December 2020									
Cost	13,986,144	-	52,773,735	-	894,860	25,006,968	1,827,125	3,760,339	98,249,172
Accumulated depreciation	-	-	(33,903,460)	-		(19,095,755)	(83,738)		(53,082,953)
Net book amount	13,986,144	-	18,870,275	-	894,860	5,911,213	1,743,387	3,760,339	45,166,219
Year ended 31 December 2021									
Opening net book amount	13,986,144	-	18,870,275	-	894,860	5,911,213	1,743,387	3,760,339	45,166,219
Additions	-	-		-	1,056,031	-	-	4,028,214	5,084,245
Transfer from CIP	-	-	5,130,342	-	-	1,378,740	-	(6,509,082)	-
Transfer from CIP to intangibles	-	-		-	-	-	-	(4,026)	(4,026)
Disposals	-	-	(187,341)	-	-	(30,898)	-	-	(218,239)
Impairment	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(1,823,241)	-	(311,364)	(1,274,722)	(4,941)		(3,414,268)
Net book amount	13,986,144		21,990,035		1,639,527	5,984,334	1,738,447	1,275,444	46,613,931
Year ended 31 December 2021									
Cost	13,986,144		57,347,664		1,639,527	25,748,283	1,827,125	1,275,444	101,824,188
Accumulated depreciation			(35,357,629)			(19,763,949)	(88,678)		(55,210,257)
Net book amount	13,986,144		21,990,035		1,639,527	5,984,334	1,738,447	1,275,444	46,613,931

Depreciation expense from notes 5 and 6 is of EUR 3,185,391 (2020: EUR 2,798,401),

(All amounts expressed in EUR, unless otherwise stated)

6. Property, plant, equipment and biological assets (continued)

	Right of use				Lease liabilities
	Land	Cars	Other property	Total	
Balance as of 1 January 2021	407,929	108,187	378,744	894,860	745,658
Additions	1,056,031	-	-	1,056,031	1,089,248
Depreciation expense	(107,364)	(54,247)	(149,754)	(311,364)	
Interest expense	-	-	-	-	21,102
Payments	-	-	-	-	(243,387)
Balance as of 31 December 2021	1,356,596	53,940	228,990	1,639,527	1,612,621

	2021	2020
Depreciation expense of right-of-use assets	311,364	324,849
Interest expense on lease liabilites	21,102	23,739
Rent expenses short term leases	346,699	186,409
Total amounts recognised in profit and loss	679,165	534,997

Depreciation expense under IFRS 16 is of EUR 311,364 (2020: EUR 324,849).

7. Long term financial investments and long-term receivables

	31 December 2021	31 December 2020
Investment in subsidiary and joint venture*	2,349	2,349
Available for sale financial assets	78,508	79,315
Total	80,857	81,664

a) Investments

Investment in joint ventures mainly relates to 49% of stake owned in Starmonte Ltd. Kotor, the company for exploration and distribution of oil or/and gas, founded in Kotor on 3 February 2000. As at 31 December 2021 and year that ended, Starmonte's activities were limited to administrative operations. No other business operations were recorded in 2021.

b) Available for sale financial assets

The changes in the fair value of available for sale financial assets are as follows:

	2021	2020
Balance as at 1 January	79,315	50,581
Fair value adjustment	(807)	28,734
Balance as at 31 December	78,508	79,315

Available for sale financial assets are listed on Montenegroberza and valued at the market price of share as at 31 December 2021.

c) Other long-term investments and receivables

Other long-term investments include:

	31 December 2021	31 December 2020
Prepaid employee benefits	212,629	241,304
Housing loans to employees	1,320,177	1,406,129
Housing loans, total	1,532,806	1,647,433

(All amounts expressed in EUR, unless otherwise stated)

7. Long term financial investments and long-term receivables (continued)

Movements in the Other long-term investments are as follows:

	2021	2020
As at 1 January	1,647,433	1,760,294
New loans granted	82,134	53,747
Repayments	(197,218)	(201,661)
Loans directly written off	-	-
Transferred from short-term part of housing loans	457	35,053
As at 31 December	1,532,806	1,647,433

Housing loans are issued for the period from 5 to 20 years with interest rate defined as EURIBOR less 2% and cannot be lower than 2%. The Company in most cases holds property title as collateral and payment is secured via payroll deductions. EURIBOR is yearly rate calculated and like that represents floating rate.

Maturity of total long-term and short-term receivables from housing loans and prepaid employee benefits is as follows:

	31 December 2021	31 December 2020
More than 1 year	1,532,806	1,647,433
Up to 1 year (note 10)	163,648	164,105
Total	1,696,454	1,811,538

8. Inventories

	31 December 2021	31 December 2020
Goods for resale - wholesale	11,054,371	5,797,451
Goods for resale - retail	5,579,317	3,652,477
Spare parts	106,756	142,117
Advances to suppliers	303,857	230,607
Goods in transit		8,238
Inventories, total	17,044,301	9,830,890

9. Receivables

a) Trade receivables

	31 December 2021	31 December 2020
Domestic trade receivables	11,317,615	9,665,608
Foreign trade receivables	49,114	10,285
Trade receivables, total	11,366,729	9,675,892

Trade receivables	11,366,729	9,675,892
Less: provision for impairment of trade receivables	(552,247)	(937,051)
Less: Provision for impairment foreign	-	-
Trade receivables - net	10,814,482	8,738,841

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

	2021	2020
As at 1 January	937,051	988,350
Provision for receivables impairment (note 25)		-
Written off as uncollectable	(384,604)	(42,471)
Reversal of provision (note 22)	(200)	(8,828)
As at 31 December	552,247	937,051

Provision for impaired receivables is included within other expenses, and reversal of provision is included in other income (notes 27 and 24). Part of the income from reversal of provision in amount of EUR 200 has been presented as other income (note 24).

9. Receivables (continued)

a) Trade receivables (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All receivables are denominated in EUR as at 31 December 2021 and 2020.

Credit quality of receivables

The credit quality of trade receivables that are not impaired can be assessed by historical information about counterparty default rates:

	31 December 2021	31 December 2020
Trade receivables		
Group 1	4,247,733	4,287,717
Group 2	6,566,749	4,451,124
Total	10,814,482	8,738,841

In the Group 1, the Company classifies customers for which Bank guarantees, promissory notes or other collaterals have been received.

In the Group 2, the Company classifies customers for which no collateral has been received.

Ageing of trade receivables is as follows:

	31 December 2021	31 December 2020
Trade receivables		
Up to 3 months	10,798,444	8,749,898
3 to 6 months	25,215	11,165
More than 6 months	543,070	914,829
Total	11,366,729	9,675,892

Structure of receivables over 6 months is as follows:

	31 December 2021	31 December 2020
Trade receivables over 6 months		
State - owned companies	6,379	8,173
Private Petrol Stations	160,653	265,364
Other	376,038	641,293
Total	543,070	914,830

b) Other receivables

	31 December 2021	31 December 2020
Receivables on Value Added Tax	5,472,076	4,033,601
Other unmentioned receivables	485,919	1,367,406
Total	5,957,995	5,401,007
Prepaid VAT	90,170	291,251
Receivables from government agencies	32,276	16,250
Interest receivables	1,146	1,279
Receivables from employees	(140)	5
Receivables from insurance companies		-
Other receivables	362,467	1,058,621
Total	485,919	1,367,406

(All amounts expressed in EUR, unless otherwise stated)

10. Short-term financial investments

	31 December 2021	31 December 2020
Short-term financial investments		
Short-term portion of housing loans (note 7)	163,648	164,105
Total	163,648	164,105

11. Cash on accounts and in hand

	31 December 2021	31 December 2020
Treasury and cash registers of retail outlets	215,485	135,986
Bank account	22,798,914	28,548,881
Total	23,014,399	28,684,867

	31 December 2021	31 December 2020
Cash at bank account		
Crnogorska Komercijalna banka	816,900	52,523
Prva banka Crne Gore	10,041	982
Hipotekarna banka	21,983	21,484
NLB	3,949	12,103
Erste banka	21,779,958	28,317,666
Addiko banka	166,083	144,125
	-	-
Total	22,798,914	28,548,881

Current accounts with commercial banks earn interest at weighted average deposit interest rate which was from 0% to 0.05% per annum in 2021 (from 0% to 0.05% per annum in 2020).

12. Accruals

	31 December 2021	31 December 2020
Prepaid insurance policy	39,891	20,247
Other prepaid expenses	208,630	52,933
Total	248,521	73,180

13. Receivables on Value Added Tax

	31 December 2021	31 December 2020
Claims for overpaid VAT	5,419,344	3,990,520
VAT on prepaid expenses	52,732	43,081
Total	5,472,076	4,033,601

Total claims for overpaid VAT on 31 December 2021 were EUR 5,419,344, out of which the amount of EUR 1,380,192 relates to the period between October 2012 to December 2013 that is a subject of ongoing tax audit (note 33).

During 2021 the Company received a Decision on VAT credit return for the period between October 2019 to February 2021 in the total amount of EUR 1,136,423, which was collected in May 2021.

(All amounts expressed in EUR, unless otherwise stated)

14. Equity

	Share capital	Statutory reserves	Other reserves	Revaluation reserves	Retained earnings	Total
As at 01/01/2020	67,986,605	2,469,979	6,080,719	(226,139)	15,212,455	91,523,618
Change in fair value of financial assets available for sale	-	-	-	28,734	-	28,734
Deferred tax	-	-	-	(2,586)	-	(2,586)
Actuarial gains	-	-	-	23,806	-	23,806
Profit for the year	-	-	-	-	2,570,008	2,570,008
Transfer to other reserves	-	-	-	-	-	-
Paid dividends	-	-	-	-	(2,326,986)	(2,326,986)
Balance as at 31/12/2020	67,986,605	2,469,979	6,080,719	(176,185)	15,455,477	91,816,594
Change in fair value of financial assets available for sale	-	-	-	(807)	-	(807)
Deferred tax	-	-	-	73	-	73
Actuarial gains	-	-	-	32,302	-	32,302
Profit for the year	-	-	-	-	5,527,750	5,527,750
Transfer to other reserves	-	-	-	-	-	-
Paid dividends	-	-	-	-	(3,257,780)	(3,257,780)
Balance as at 31/12/2021	67,986,605	2,469,979	6,080,719	(144,617)	17,725,447	94,118,133

14.1 Share capital

The structure of the Company's share capital and shareholders as of 31 December 2021 is as follows:

	No. of shares	Percentage	31 December 2021.
Hellenic Petroleum International A.G.	2,529,489	54.35%	36,951,534
EK - NLB Ljubljana for clients 2	430,293	9.25%	6,285,849
EK - Custody account 1	377,138	8.10%	5,509,345
CK - Custody account 1	165,065	3.55%	2,411,319
NM - Custody account 8	97,386	2.09%	1,422,644
EK - Custody account 2	50,564	1.09%	738,654
HB - Custody account 1	24,943	0.54%	364,375
Open investment fund Moneta	22,072	0.47%	322,434
Open investment fund Trend	18,991	0.41%	277,426
CK - Custody account 5	18,471	0.40%	269,830
EK - NLB Ljubljana for clients 3	15,866	0.34%	231,775
Other legal entities	46,005	0.99%	672,055
Individuals	857,688	18.43%	12,529,364
Total	4,653,971	100%	67,986,605

Each share has a nominal value of EUR 14.6083 per share and equal voting rights.

14.2 Reserves

	31 December 2021	31 December 2020
Housing fund	6,080,719	6,080,719
Statutory reserves	2,469,979	2,469,979
Reserves	8,550,698	8,550,698

Statutory reserves of EUR 2,469,979 (2020: EUR 2,469,979) were formed based on the decision of the Board of Directors and the Shareholders' Assembly and represent 5% of the Company's statutory after-tax profit for the period up to 2003 based on the previous Company's Law that prescribed obligation on allocating portion of after-tax profit to legal reserves. In the meantime, the Company Law changed and obligation for legal reserves is removed.

(All amounts expressed in EUR, unless otherwise stated)

14. Equity (continued)

14.2 Reserves (continued)

Housing funds

Based on the decision of the General Assembly, the Company allocates, as necessary, according to the Collective Agreement, a portion of its retained earnings to the housing fund. This fund is used for financing housing needs of the Company's employees and/or covers other expenses in relation to residential needs.

15. Long term provisions

Long term provisions include:

	31 December 2021	31 December 2020
Provision for retirement indemnities	299,304	334,367
Provision for jubilee awards	73,951	80,249
Total	373,255	414,616

The movement on long term provision account was as follows:

	Other benefits to the employees
As at 01/01/2020	421,434
Remeasurement charged to P&L	37,097
Used during the year	(20,109)
Actuarial (gains)/losses	(23,806)
As at 31/12/2020	414,616
As at 01/01/2021	414,616
Charged to P&L	117,744
Used during the year	(126,803)
Actuarial (gains)/losses	(32,302)
As at 31/12/2021	373,255

In accordance with the Collective Agreement, the Company is obliged to pay the staff leaving indemnities on retirement and jubilee awards (jubilee awards upon completion of 10, 20 and 30 years of service, for which provision is made).

Movement in the accounts is as follows:

	Retirement benefits		Jubilee awards	
	2021	2020	2021	2020
Current service cost	107,488	21,407	(2,620)	4,760
Interest cost	10,442	8,935	2,435	1,994
Past service cost		-		-
Used during the year	(120,690)	(13,443)	(6,114)	(6,666)
Actuarial gains/(losses)	(32,302)	(23,806)	-	-
Total	(35,062)	(6,907)	(6,299)	88

The principal actuarial assumptions used for the retirement benefits calculations were as follows:

Main assumptions

	31 December 2021	31 December 2020
Discount rate	4.3%	3.2%
Increase of average salary	0.5%	0.5%

(All amounts expressed in EUR, unless otherwise stated)

16. Deferred tax liability

Deferred tax liabilities	Accelerated tax depreciation	Fair value gains	Total
At 1 January 2020	(88,765)	19,856	(68,909)
(Charged)/credited to the income statement	(13,546)	-	(13,546)
Charged directly to equity	-	(2,585)	(2,585)
At 31 December 2020	(102,311)	17,271	(85,040)
(Charged)/credited to the income statement	(3,191)	-	(3,191)
Charged directly to equity	-	73	73
At 31 December 2021	(105,502)	17,343	(88,158)

17. Other operating liabilities

	31 December 2021	31 December 2020
Short term lease liability - IFRS 16	151,439	237,787
Total	151,439	237,787

18. Prepayments, deposits and bails

	31 December 2021	31 December 2020
Domestic customer advances and deposits	1,071,370	972,325
Foreign customer advances	404,523	272,246
Total	1,475,893	1,244,571

19. Trade payables

	31 December 2021	31 December 2020
Domestic trade payables	2,549,235	1,863,533
Foreign trade payables	38,235	194,433
Total	2,587,470	2,057,966

20. Other short-term liabilities

	31 December 2021	31 December 2020
Liabilities for dividends from the previous period	604,030	532,173
Liabilities for other compensations	3,431	621
Total	607,461	532,794

21. Liabilities for VAT and other public revenues

	31 December 2021	31 December 2020
Liabilities for value added tax	113,524	169,392
Liabilities for excise	8,045,463	6,798,306
Total	8,158,987	6,967,698

22. Accruals

	31 December 2021	31 December 2020
Liabilities for other personnel expenses	371,171	279,671
Other short-term liabilities and accruals	726,552	709,402
Total	1,097,723	989,073

(All amounts expressed in EUR, unless otherwise stated)

23. Sales revenue – net income

The Management considers the business from a product and distribution channel perspective. Product channel perspective includes revenue from sales of fuel products and revenue from sales of non-fuel merchandise sold at petrol stations. From distribution channel perspective, the management reviews retail and wholesale revenue streams.

	2021	2020
Retail	79,205,900	47,817,161
Wholesale	70,683,362	34,483,853
Total	149,889,262	82,301,014

In addition, the Management monitors sale on domestic market and export markets:

	2021	2020
Revenues from domestic sales	135,674,905	77,720,093
Sale of fuel	119,920,054	66,341,600
Sale of LPG	1,293,171	1,025,624
Sale of lubricants and LPG in bottles	968,286	799,116
Sale of merchandise	13,422,167	9,550,880
Sale of services	71,228	2,874
Revenues from export sales	14,214,357	4,580,921
Sale of fuel	14,159,203	4,580,316
Sale of services	55,154	605
Total	149,889,262	82,301,014

24. Other operating revenue

	2021	2020
Reversal of bad debt provision	200	8,828
Revenues from decrease of liabilities	53,310	-
Other – VAT	51,874	5,306
Income from insurance	4,732	2,704
Gains on sale of PPE	16,476	1,720,322
Inventory surpluses	640,372	378,126
Other	20,922	42,799
Total	787,886	2,158,085
Rental income	18,649	53,975
Other income	164,929	143,166
Total	183,578	197,141

(All amounts expressed in EUR, unless otherwise stated)

25. Operating expenses

	2021	2020
Cost of goods sold	126,861,036	65,946,639
Cost of materials	791,845	644,134
Total	127,652,881	66,590,773
Depreciation and provision	3,496,755	3,123,250
Petrol station management fees (COMO)	4,080,513	3,430,532
Transportation cost	1,189,582	940,999
Telecommunications and postal expenses	150,922	156,068
Maintenance	1,295,887	1,226,852
Rental expense	302,904	159,461
Marketing expense	383,518	207,707
Third party's services	724,677	814,719
Training and seminars	15,641	5,373
Donations and sponsorships	34,941	179,845
Hospitality expenses	18,863	15,074
Insurance	227,854	194,644
Bank commissions and fees	343,615	205,198
Indirect taxes and contributions	381,757	472,403
Scholarships	11,200	8,600
Licenses	134,556	187,048
Other items	303,653	204,111
Total	13,096,838	11,531,884

In COMO operations system (Company owned/Manager operated), the provider of the service is managing the petrol station and using the services of the petrol station including the accompanying equipment, which are in the ownership of the Company and under its brand name and trademark, with the sole purpose of selling products and services as an independent legal entity. Service provider is compensated for its services on a monthly basis based on achieved turnover in accordance with the contract signed with the Company. Third party services mostly refer to the consulting and professional services (EUR 466,428) and lawyers' fees (EUR 131,972). The fee for the statutory audit of the annual financial statements in 2021. was EUR 31,000 (2020: EUR 31,226).

26. Wages expenses, wage compensation and other personal expenses

	2021	2020
Gross salaries and wages	2,139,763	2,124,578
Social security contributions – on behalf of employer	241,970	248,246
Transportation allowances	7,800	7,920
Winter food allowances	82,818	72,077
Humanitarian aid to employees	14,349	6,200
Retirement indemnities and jubilee awards	117,746	37,097
Temporary staff costs	31,847	22,170
Travel expenses	14,062	5,607
Board of Directors' compensation	91,081	85,031
Personnel expense from discounting of housing loans	31,152	34,932
Other personnel expenses	243,196	118,149
Total	3,015,784	2,762,007

Retirement indemnities and jubilee awards consist of actual amount paid for VRS and provisions for retirement indemnities and jubilee award posted as per Actuarial report.

(All amounts expressed in EUR, unless otherwise stated)

27. Other operating expenses

	2021	2020
Provision for impaired receivables (note 9)		-
Direct write off of receivables		21,024
Direct write off of housing loans		-
Loss on sale and disposal of fixed assets	213,892	381,769
Loss of PPE (legal case)		-
Inventory shortages	743,990	471,350
Other	55,247	40,360
Total	1,013,129	914,503

28. Other income from interest, exchange rate differences and other contractual hedging effects

	2021	2020
Interest income	57,699	69,491
Foreign exchange gains	13,329	8,594
Interest income on discounting of housing loans	31,152	34,932
Other financial income	15,752	24,456
Total	117,932	137,473

29. Interest expenses, foreign exchange differences and other contractual protection effects

	2021	2020
Interest expense	21,689	23,759
Foreign exchange losses	14,086	12,911
Other financial expenses	-	-
Total	35,775	36,670

30. Tax expense of the period

	2021	2020
Current tax on profit for the year	561,989	262,530
Previous year tax additions	5,342	
Current corporate income tax	567,331	262,530
Deferred tax expenses or income for the period	3,191	13,546
Deferred tax expenses or income for the period	3,191	13,546
Total	570,522	276,076

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Company's profits as follows:

	2021	2020
Profit before income taxes	6,098,272	2,846,084
Tax calculated at statutory tax rate - 9%	548,844	256,148
Tax effect from:		
Previous year tax additions	5,342	
Expenses not deductible for tax purposes	16,335	19,928
Utilisation of deferred tax assets		-
Tax expense	570,522	276,076

(All amounts expressed in EUR, unless otherwise stated)

31. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company (the parent entity) by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Dividends per share are calculated as dividends paid during the year divided by the weighted average number of ordinary shares.

	2021	2020
Profit attributable to equity holders of the Company	5,559,319	2,619,963
Weighted average number of ordinary shares in issue	4,653,971	4,653,971
Basic and diluted earnings per share	1.19	0.56
Dividends paid	3,257,782	2,326,989
Weighted average number of ordinary shares in issue	4,653,971	4,653,971
Dividends per share	0.70	0.50

32. Related party transactions

The Company is ultimately controlled by Hellenic Petroleum S.A., a company incorporated in Greece, which owns 54.4% of the Company's share capital through Hellenic Petroleum International S.A., a company incorporated in Austria. Hellenic Petroleum has been the Company's exclusive supplier of oil products. EKO ABEE, a wholly-owned subsidiary of Hellenic Petroleum S.A., supplies the Company with lubricants.

Furthermore, two other Group companies, Asprofos and HELPE International Consulting, both of which are wholly owned subsidiaries of Hellenic Petroleum S.A., provide the Company with various technical and consulting services.

The following transactions were carried out with related parties:

a) *Purchases of goods and services:*

Purchases of goods and services	Relationship	Nature of transaction	2021	2020
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	120,473,744	54,186,271
Hellenic Petroleum S.A.	Parent company	IT services	289,010	267,588
EKO ABEE	Group company	Purchases of lubricants	151,595	119,290
HELPE International Consulting	Group company	Consulting services	210,000	270,000
Asprofos Engineering S.A.	Group company	Maintenance services	0	20,000
Okta Crude Oil Refinery AD	Group company	Purchases of oil products	149,002	
Okta Crude Oil Refinery AD	Group company	Consulting and analyses services	6,177	1,134
EKO Bulgaria EAD	Group company	Program EKO guarantee	-	-
Total			121,279,528	54,864,283

b) *Sales to related parties:*

Sales of goods and services	Relationship	Nature of transaction	2021	2020
Hellenic Petroleum S.A.	Parent company		-	-
EKO Serbia	Group company		-	-
Hellenic Petroleum Cyprus	Group company		-	-
EKO Bulgaria EAD	Group company		-	-
Total			-	-

(All amounts expressed in EUR, unless otherwise stated)

32. Related party transactions (continued)

b) Sales to related parties (continued)

Purchase of goods and services with related parties are made based on normal commercial terms in force with non-related parties (on arm-length basis).

c) Payables to related parties:

Payables to related parties	Relationship	Nature of transaction	2021	2020
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	789,089	315,345
Hellenic Petroleum S.A.	Group company	IT services	79,327	267,588
EKO ABEE	Group company	Purchases of lubricants	-	37,025
Okta Crude Oil Refinery AD	Group company	Consulting and analyses services	2,118	-
HELPE International Consulting	Group company	Consulting services	210,000	270,000
Total			1,080,534	889,958

Receivables and payables from transactions with related parties are unsecured and bear no interest. There were no provisions on receivables from related parties.

d) Key management compensation

	2021	2020
Salaries and other short-term benefits	486,809	481,011
Total	486,809	481,011

Salaries and other short-term benefits include key management salaries and other personal income. Members of the key management are Chief Executive Officer and Directors of departments. The management team is treated in accordance with regulation (Labour Law, Personal Income Tax, General and Individual Collective Agreement, other regulations) which is applied to all other employees.

33. Commitments and contingencies

As of 31 December 2021, the Company has main groups of litigations still ongoing, hence unresolved. The management believes that in all below listed cases there is no need for additional provision to be made based to requirements of IAS 37. The progress of litigations is monitored on day to day basis. Summary of litigations is as follows:

a) Montenegrobonus doo Cetinje vs the Company

The plaintiff initiated two claims against the Company:

- First one, in the amount of EUR 11,024,960 where the Company according to the plaintiff's claim denied use of storage facilities to the plaintiff, contrary to temporary measure of the Commercial Court of Podgorica dated 2004. In 2009, the Municipal Court of Kotor reached a resolution to suspend the proceedings in this legal matter, until the effective resolution of the lawsuit between the Company and the Montenegro Government over the eventual ownership rights on the petrol installations described above.

- The second one in the amount of EUR 7,560,000 claimed lost ability to earn rental income from lease of disputed storage facilities to third parties. As of 2010, this dispute is also suspended until the resolution of ownership rights over the disputed storage facilities.

b) Tax risks

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 31 December 2021.

(All amounts expressed in EUR, unless otherwise stated)

33. Commitments and contingencies (continued)

In 2014 the Tax Authorities initiated an audit for the period between 2011 up to 2014 for all types of taxes administered by the Tax Authority. The audit is still in progress. First four decisions of the inspector have been annulled by the Ministry of Finance Appeal Committee. On 27th December The Revenue and Customs Administration delivered the new Minutes, according to which they found that Jugopetrol is liable to pay a total of EUR 1,472,497.16 on account of outstanding legal obligations (including interest). The Company submitted objections to the Minutes on 30th December. On 28th February 2022 the Company received the Decision issued by the Revenue and Customs Administration in which the liability of EUR 1,472,497.16 was confirmed. On 15th March 2022 the Company filed the appeal to the Ministry of Finance. Until the day of the auditor's report, there was no further activity on this matter.

Based on internal reviews and on the assessment of external lawyers/experts, the management does not believe there will be any exposure due to this case.

34. Events after the balance sheet date

The ongoing geopolitical events in Ukraine, the military actions from Russia and the response from European countries and the United States in the form of economic sanctions are affecting global energy markets and economic developments in general. These events have caused an unforeseen rise in market prices of raw materials, fuel and energy, and an increased volatility of FX rates. It is difficult to estimate further development of market prices and key macroeconomic indicators.

The Company does not expect that such developments will have a direct impact on its ability to source and sell oil products. It sources its fuel products mainly from the Hellenic Petroleum Group and is following developments around the crisis in Ukraine and planning accordingly.

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

In addition to the above, there were no other significant events after the date of the statement of financial position that would require disclosure in the notes to the accompanying financial statements of the Company for 2021.

In Podgorica,	Person responsible for preparation of financial statements	Responsible person
As at 29/03/2022	....	....