

Company Annual Report 2021

with reports pursuant to Article 162 of the Companies Law

JUGOPETROL AD



Podgorica, April 2022

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1. IDENTITY OF JUGOPETROL AD

1.1. General information

Jugopetrol AD is a petroleum company operating in Montenegro. It is a subsidiary of Hellenic Petroleum International, one of the largest oil companies in the Balkans.

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 aircraft supply facilities located at airports Tivat and Podgorica,
- retail and distribution of oil products through the operation of 44 petrol stations, 2 internal petrol stations and 3 yachting petrol stations.

The infrastructure of Jugopetrol AD consists of:

- a retail network of 44 petrol stations;
- 3 yacht service stations in Kotor, Budva and Herceg Novi;
- a petroleum installation in Bar, with 20 fuel tanks with the total storage capacity of 110.300 m³;
- 2 aviation fuel terminals in Podgorica and Tivat;
- a fleet of 20 tank trucks for supply of petrol stations and industrial customers, and 6 refuellers for supply of aircrafts at airports Tivat and Podgorica.

The Company uses the commercial brand "EKO", which is well-known and associated to high quality in the South East Europe region. It is the leading petroleum company in Montenegro.

1.2. Mission and strategic vision

Strategic Vision of Jugopetrol AD is to be “the leading petroleum company in Montenegro ensuring the fuel supply of the country while being a responsible corporate citizen”.

Its **mission** is to supply, reliably and effectively, the Montenegrin market, offering top quality products and services, serving its customers with efficiency and innovation, while respecting the environment and achieving the best possible financial results for its shareholders.

The cornerstones of this vision and the means to achieve it are:

- our people
- our product offering
 - highest quality fuel
 - full coverage of the country
 - full range of NFR
- our service
- being socially responsible

1.3. Core Principles

Jugopetrols AD core principles are in line with those of the Hellenic Petroleum Group, as follows:

The infographic is divided into two main sections on a teal background. The left section, titled 'Our mission' with the tagline 'Energy for Life', describes the company's goal to produce and offer top quality products and services in the energy sector, serving customers in the Greek and international markets with efficiency and innovation. The right section, titled 'Our Principles', lists eight key values: 1. Safety is always our First Priority; 2. We offer Value to our Customers; 3. We operate Responsibly towards Society and the Environment; 4. We respect our Colleagues and Partners promoting Meritocracy, Teamwork, Innovation, Continuous Improvement and Results Orientation; 5. We invest for Sustainable Development; 6. We continuously enhance our Competitiveness; 7. We apply high standards of Corporate Governance; 8. We create Value for our Shareholders and focus on the Continuous Improvement of our Results and Cash Flows.



1.4. Jugopetrol AD History

1947 Jugopetrol AD was established on April 12, 1947 with its headquarters in Kotor, as a company for production and trade of oil and oil products. It started operating with very modest assets and resources at the earliest beginnings of oil industry in the former Yugoslavia.

1947-1957 This period is distinguished by a beginning of construction of building the facilities - primarily the warehouses and then the petrol stations. The construction of warehouses at Ljuta (near Kotor), Titograd (now Podgorica) and Nikšić started. Within this period the first electricity-powered petrol station was built in Titograd in 1954, and then the petrol stations in Kotor, Bar, Cetinje, Kolasin and Andrijevisa.

1957-1967 Beginning of rapid growth of oil consumption due to the development of all business activities in Montenegro. The first consumption of heating oil occurred in 1964.

1964 The first phase of construction works of petroleum installation Bar started. This petroleum installation was the most modern facility in the Balkan area.

1970 Since 1970 Jugopetrol AD has the rights for hydrocarbons exploration in the territory of Montenegro and, for many years since, it has collaborated with foreign and domestic partners in this field. Within the period from 1976 to 1981 drilling of 3 exploration wells was done. The drilling of exploration well UK-1 near Ulcinj started in 1989. This well with the depth of 5.309 m was the deepest well drilled in Former Yugoslavia.

1992-1996 Jugopetrol AD managed its affairs as a Public Interest Company for exploration, exploitation and sales of oil and oil products. In December 1996 the Company was transformed into a Shareholding Company.

2002 Jugopetrol AD became the member of the Hellenic Petroleum Group. Following the privatization of the company, Hellenic Petroleum, a highly renowned and well-known Greek oil Company, became the majority shareholder of Jugopetrol AD Kotor. Since then, the retail network of the Company is operating under the commercial brand "EKO", well-known and respected in countries of the South East Europe region.

2014 Jugopetrol AD moved its headquarters from Kotor to Podgorica, the capital of Montenegro and administrative and business center of the country. Relocation acted as a catalyst to further structural reorganization of the company and improved efficiency. Following this move, the company changed its name from Jugopetrol Kotor AD to Jugopetrol AD.

74 years have passed from the establishment of the Company and Jugopetrol AD has been and still is part of the identity of Montenegro. The Company has passed through various phases of transformation and has been growing and developing together with the growth and the development of the country's economy, road network, tourism and other industries. It has grown into a large and powerful company passing through many organizational and operational transformations.

1.5. Scope of operations

Jugopetrol AD, member of Hellenic Petroleum Group, is the leading oil company in Montenegro.

Main business activities of the Company include:

- retail trade through the largest network of petrol stations in Montenegro,
- wholesale business including bunkering, aviation, other retail networks and commercial & industrial companies,
- storage and distribution of petroleum products.



2. JUGOPETROL AD SHAREHOLDING

2.1 Share Capital - Shareholders

a) Share capital

Jugopetrol AD has a share capital of EUR 67.986.605 divided into 4.653.971 shares with a nominal value of EUR 14,61 each.

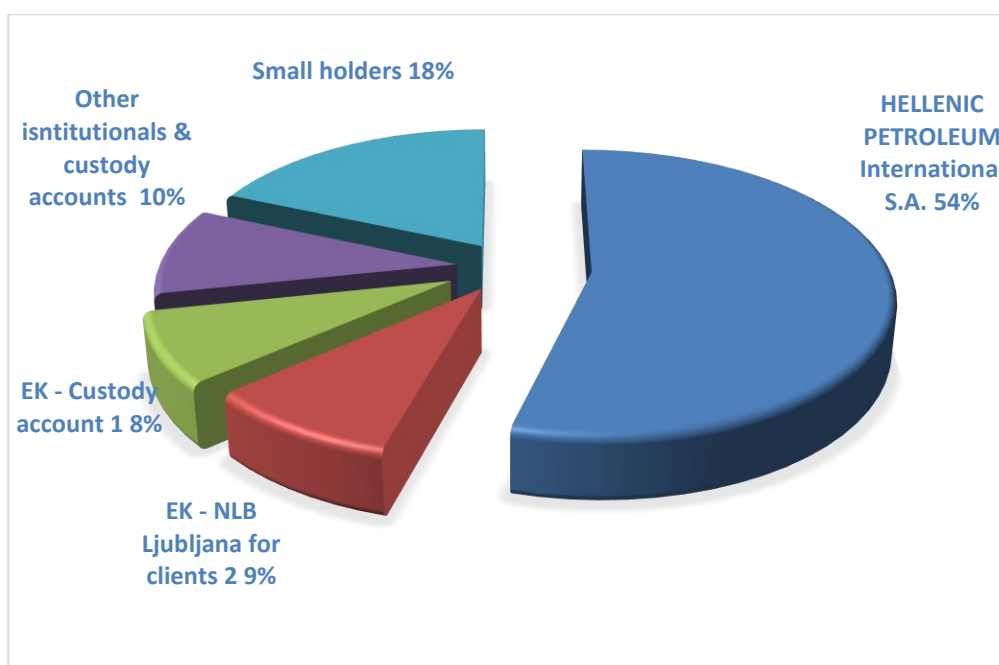
The Company has not done any share buybacks and the total number of shares remained constant since privatization, while the share price has fluctuated as following:

Share Capital evolution Jugopetrol AD

	2018	2019	2020	2021
Share capital (€ '000)	67.987	67.987	67.987	67.987
Number of shares	4.653.971	4.653.971	4.653.971	4.653.971
Share price - YE (€)	11,8	10,7	9,0	10,7

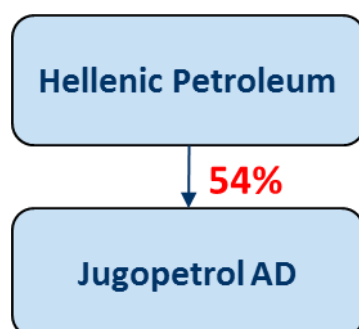
b) Shareholders

Jugopetrol AD has more than 3.000 shareholders. The majority shareholder is Hellenic Petroleum International with 54,35% of total shares.



2.2 Jugopetrol AD as part of Hellenic Petroleum Group

Jugopetrol AD is a subsidiary of Hellenic Petroleum International, one of the largest oil companies in the Balkans. Hellenic Petroleum owns a controlling stake of 54% of Jugopetrol's AD share capital which makes Jugopetrol AD a part of its group of companies.



Corporate structure of Hellenic Petroleum Group is shown in the illustration below:

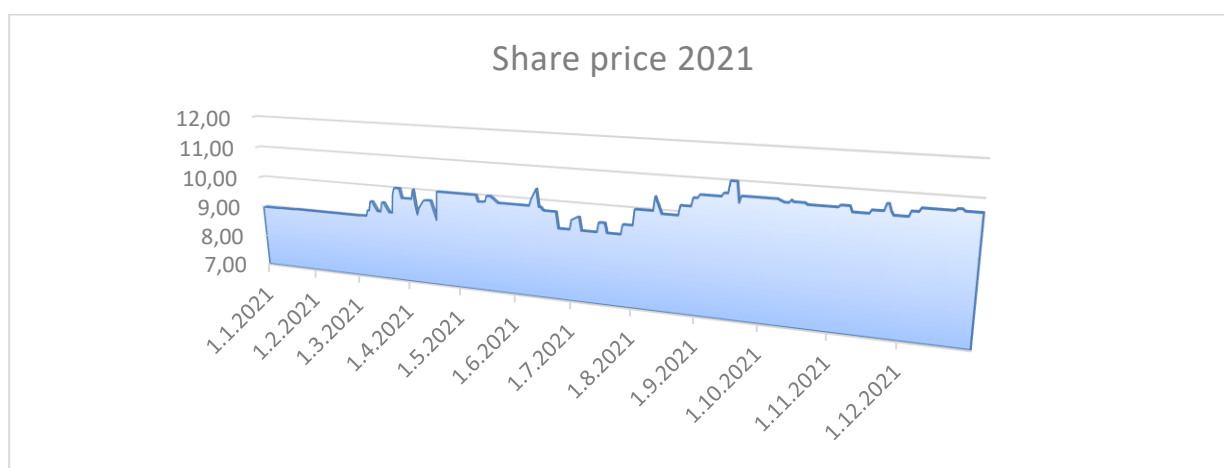
GROUP CORPORATE STRUCTURE	
Refining	HELLENIC PETROLEUM S.A.
Fuels Marketing	HELLENIC FUELS AND LUBRICANTS INDUSTRIAL AND COMMERCIAL S.A. CALYPSO LTD
Chemicals	HELLENIC PETROLEUM S.A. DIAXON A.B.E.E.
International Activities	OKTA AD SKOPJE HELLENIC PETROLEUM CYPRUS LTD RAMOIL CYPRUS LTD EKO BULGARIA EAD EKO SERBIA AD JUGOPETROL AD
Oil & Gas Exploration & Production	HELLENIC PETROLEUM S.A. HELPE PATRAIKOS SA HELPE UPSTREAM SA HELPE ARTA PREVEZA S.A. HELPE NW PELOPONISSOS S.A. HELPE WEST KERKYRA S.A HELPE SEA OF THRACE S.A.
Power Generation & Trading	ELPEDISON BV
Renewable Energy Sources	HELLENIC PETROLEUM – RENEWABLE ENERGY SOURCES S.A.
Engineering	ASPROFOS S.A.
Crude/Products Transportation &	A.A.F.P.C. S.A. VARDAX S.A.

Pipeline Networks	HELLENIC PETROLEUM - APOLLON MARITIME COMPANY HELLENIC PETROLEUM - POSEIDON MARITIME COMPANY
Natural Gas	DEPA S.A.

At the beginning of 2022 corporate structure of Hellenic Petroleum has changed due to the demerger of the refining, supply and trading of oil products and petrochemicals sectors.

2.3 Market data

In 2021 the average share price increased by 6% compared to 2021.



	2018	2019	2020	2021
Average share price (€)	11,56	11,81	9,35	9,87
Dividend paid (€)	4.514.352	4.514.352	2.326.986	3.257.782*
Dividend per share (€)	0,97	0,97	0,50	0,70
Dividend yield	8,39%	8,21%	5,35%	7,09%
EPS (€)	1,46	0,93	0,56	1,19
Average market cap (€ m)	53,79	54,96	43,51	45,93
Average P/E	7,94	12,70	16,61	8,26

1.396.193 € net profit appropriation from 2019. godine and 1.861.588 € net profit from 2020

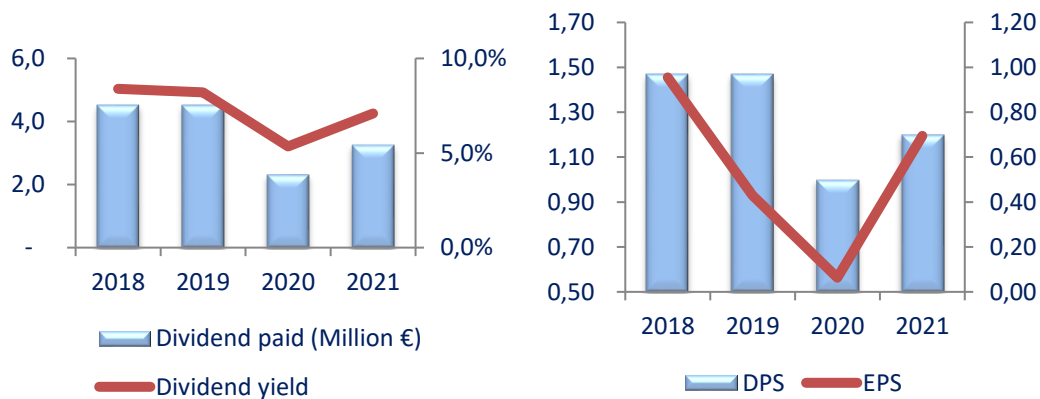
2.4 Acquisition of shares

During 2021 the Company did not buy back its own shares.

CORPORATE GOVERNANCE STATEMENT

Rules of corporate governance in the Company are based on the relevant provisions of the Law on Business Organisations and the Company's Articles of Associations and other internal procedures fully adhered to by the Company.

Management and supervision over the organisation, operations, and control of the Company is carried out through the General Meeting of Shareholders, Board of Directors, Audit Committee, Executive Director, Secretary of the Company, Internal Audit and External Audit.



3. CORPORATE GOVERNANCE

3.1 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Company which is entitled to pass/amend the Articles of Association, elect and release members of the Board of Directors, appoint independent auditor, adopt annual Financial Statements, Auditor's Report and Annual Business Report, decide on the management of the Company's property whose value is higher than 20% of the book value of the Company's property (large value property), decide on remuneration for the members of the Board of Directors, decides on allocation of profit and distribution of dividend, decides on capital increase/decrease, and has other powers in line with the Companies Law and the Articles of Association.

The role, responsibilities, participation, the ordinary or extraordinary quorum of participants, the Chairmanship, Agenda and the conduct of procedures of the General Meeting of the

Company's Shareholders are described in its Articles of Association and Operating Procedure for the General Meeting of the Company's Shareholders.

During 2021 three (3) meetings of shareholders were held, i.e. the Annual General Meeting which was held on 16th June 2021, and other two extraordinary Annual meetings: 30th March and 23th December, 2021.

3.2 Board of Directors

The Board of Directors is the supreme executive body of the Company. The Board of Directors implements decisions of the General Meeting of Shareholders, it formulates the Company's development policy and strategy, and supervises and controls the management of the Company, it ensures system of internal control, it determines the organization of the Company, it makes investment decisions, it adopts annual business plans, appoints commissions and working bodies for execution of certain tasks and executes other duties in line with the Companies Law and the Articles of Association.

The Board of Directors is comprised of seven (7) members who are elected by the General Meeting of Shareholders.

Members of the Board of Directors are entitled to a remuneration for their work which is a fixed amount determined by the General Meeting of Shareholders. The Board of Directors elects the Chairman among its members.

The Chairman of the Board of Directors is authorised to: convene and chair the meetings of the Board of Directors, to monitor and ensure the implementation of the decisions of the Board of Directors, to perform activities pertaining to preparing the program and development strategy of the Company, to coordinate and implement business cooperation with domestic and foreign partners and international organisations, to provide prompt information on overall work and operation of the Company to the Board of Directors.

The role, responsibilities, the Chairmanship, Agenda and the conduct of procedures of the Board of Directors are described in the Articles of Association and Operating Procedure for the Board of Directors.

The Board of Directors structure during the year 2021 was:

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

- Georgios Georgiou - President of the Board
- Panagiotis Loukas - member
- Tripko Krgović - member
- Panagiotis Athanasopoulos - member
- Theodora Papadimitriou - member
- Konstantinos Pantazis - member
- Dejan Bajić – member

** owns 7.777 Jugopetrol AD shares*

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

- Panagiotis Loukas - President of the Board
- Georgios Gregoras - member
- Tripko Krgović*¹ - member
- Panagiotis Athanasopoulos - member
- Theodora Papadimitriou - member
- Antonios Kelesis - member
- Dejan Bajić*² – member

*¹ owns 7.777 Jugopetrol AD shares

*² owns 100 Jugopetrol AD shares

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

- Panagiotis Loukas - President of the Board
- Maria Patsalides - member
- Tripko Krgović*¹ - member
- Charikleia Vardakari - member
- Ioannis Dimarakis - member
- Antonios Kelesis - member
- Dejan Bajić*² - member

*¹ owns 7.777 Jugopetrol AD shares

*² owns 100 Jugopetrol AD shares

In order to minimize the risk and prevent any adverse effects, the Internal Audit Services conducts audit activities beyond those defined in the annual audit plan.

3.3 Audit Committee

The audit committee is appointed by the Board of Directors.

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, internal control systems, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee monitors the effectiveness of the risk management process in the Company: the effectiveness of the internal control systems in the Company, the corporate financial reporting of the Company, the Internal Audit Function of the Company, and the independent external Audit of the Company.

The Audit Committee is comprised of three (3) members and performs activities in accordance with the Audit Committee Charter and the Law on Auditing.

From December 13, 2018, based on the Decision of the Board of Directors no. 57888, the composition of the Audit Committee is as follows:

- Mr Kimon Bossinis, President
- Mr Spyridon Gkikas

- Mr Panagiotis Loukas

Four (4) meetings of the Audit Committee were held in 2021.

3.4 Internal Audit

The Internal Audit Department operates in accordance with the authorisations determined under the Law on Auditing, and in accordance with the Internal Audit Charter.

The Independent Internal Audit Department, by means of periodic assessments and audits, ensures that the identification procedures and risk management applied by Management are sufficient, that the Internal Control System operates effectively and that information provided to the CEO relative to the Internal Control System, is reliable and of adequate quality.

The Internal Audit Department monitors the implementation of the recommendations it made during internal audit processes. Any conclusions to that respect are communicated periodically (on a monthly, quarterly, semi-annual, annual, or ad hoc basis, if the importance of the reports requires so) to the Audit Committee and Executive Director.

The Internal Audit Department prepares the Annual Audit Plan, based on the examination and frequency of risks, which correspond with the risk assessment made by the Management. The Annual plan of auditing activities and projects is reviewed by the Audit Committee. In order to minimize risk and prevent any negative effects, the Internal Audit Department conducts the auditing activities beyond those determined under the Annual Audit Plan.

The Internal Audit Department also provides recommendations for preparation of procedures and other internal acts for business segments where they are not established, provided that there is a recognized risk to the business.

3.5 Qualifications and independence of the company's auditor in relation to the company

Audit of the Company's Financial Statements as of and for the year ended 31 December 2021 was performed by Auditing Company:

Ernst & Young Montenegro d.o.o. Podgorica
Stanka Dragojevića bb Street , Zgrada Universal Capital Bank, II sprat, Podgorica, Crna Gora
PIB: 02759080;
PDV: 30/31-08878-9;
Executive Director: Nikola Ribar

The Company is registered for providing auditing services in accordance with the Resolution of Ministry of Finance no. 02-5615/2 under the registration number 1013 in the Registry of Auditing Companies of the Ministry of Finance. The Auditing Company's operations are aligned with the Law on Audit in Montenegro. The Auditing Company is 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 for audits of the financial statements in Montenegro. The Auditing Company has also fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. The Auditing Company complies with the criteria defined by Article 9 of the Law on Audit and does not have any limitations which could prevent it to provide auditing services to the Company. In addition, the Auditing Company did not provide any additional services besides the audit of financial statements of the Company during 2021.

4. ORGANIZATIONAL STRUCTURE OF JUGOPETROL AD

4.1 Executive Director and Senior Management

Executive Director of the Company is appointed by the Board of Directors.

Role, rights and duties of the Executive Director are determined under the Law on Business Organizations and the Company's Articles of Association. Executive Director of the Company manages the day-to-day activities of the Company, by performing its operational management in accordance with the decisions of the Board of Directors and General Meeting of the Company, and overtakes all actions to comply with Business plan targets in accordance with responsibilities determined in the Articles of Association and with requests from the Board of Directors, internal rules and management policies defined by the latter, prepares and proposes business and development plans, submits proposals of internal organisation and Act of employee job positions, decides on employing new staff within the Company, in accordance with the plans and needs of the Company, concludes contracts in accordance with his authorities, forms working groups, teams of experts and commissions for execution of specified tasks.

In 2021 Senior Management team consisted of the following people:

Name	Department	Since	Until	No.of shares
Antonis Semelides	CEO	8.3.2017.	24.2.2021.	
Vasileios Panagopoulos	CEO	25.2.2021.	-	-
Veselin Gacevic	Operations & Logistics	1.4.2014.	-	533
Vlado Samardzic	Network Development	1.6.2013.	-	737
Nikola Jovanovic	Finance & Administration	13.7.2020.	-	-
Dragan Nikolic	Wholesale	1.12.2016.	-	-
Vasileios Makris	Retail	20.10.2021.	-	
Vesna Spaic	HR & Company Secretary	1.4.2018.	-	-

4.2 Contracts concluded by and between the company and directors and their related persons

During 2021, the Company concluded an employment contract with the Executive Director of the Company, and contracts with related parties, which are described in more detail in section 13 of this Report.

4.3 Administrative organization of the Company - organizational chart

Until 6th October 2021, the organization structure of the Company was based on three major pillars:

- The Commercial Department
- The Operations & Logistics Department
- The Finance and Administration Department

From 6th October 2021, the organization structure of the Company is based on four major pillars:

- Wholesale Department
- Retail Department
- The Operations & Logistics Department
- The Finance and Administration Department

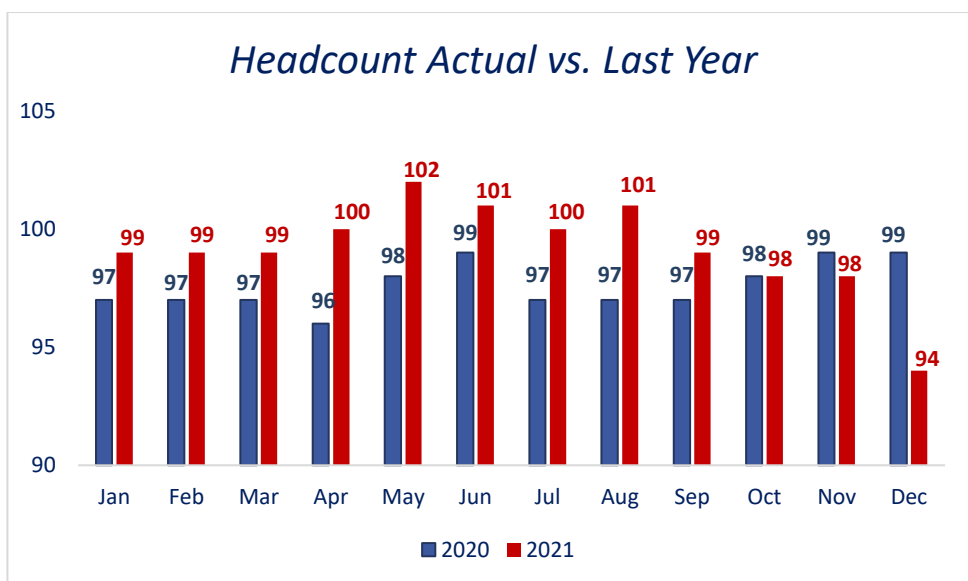
Aside from that, Jugopetrol AD has five additional departments: Human resources Department, Internal control, Marketing Department, Network development and HSSE.

The Company is structured as follows:

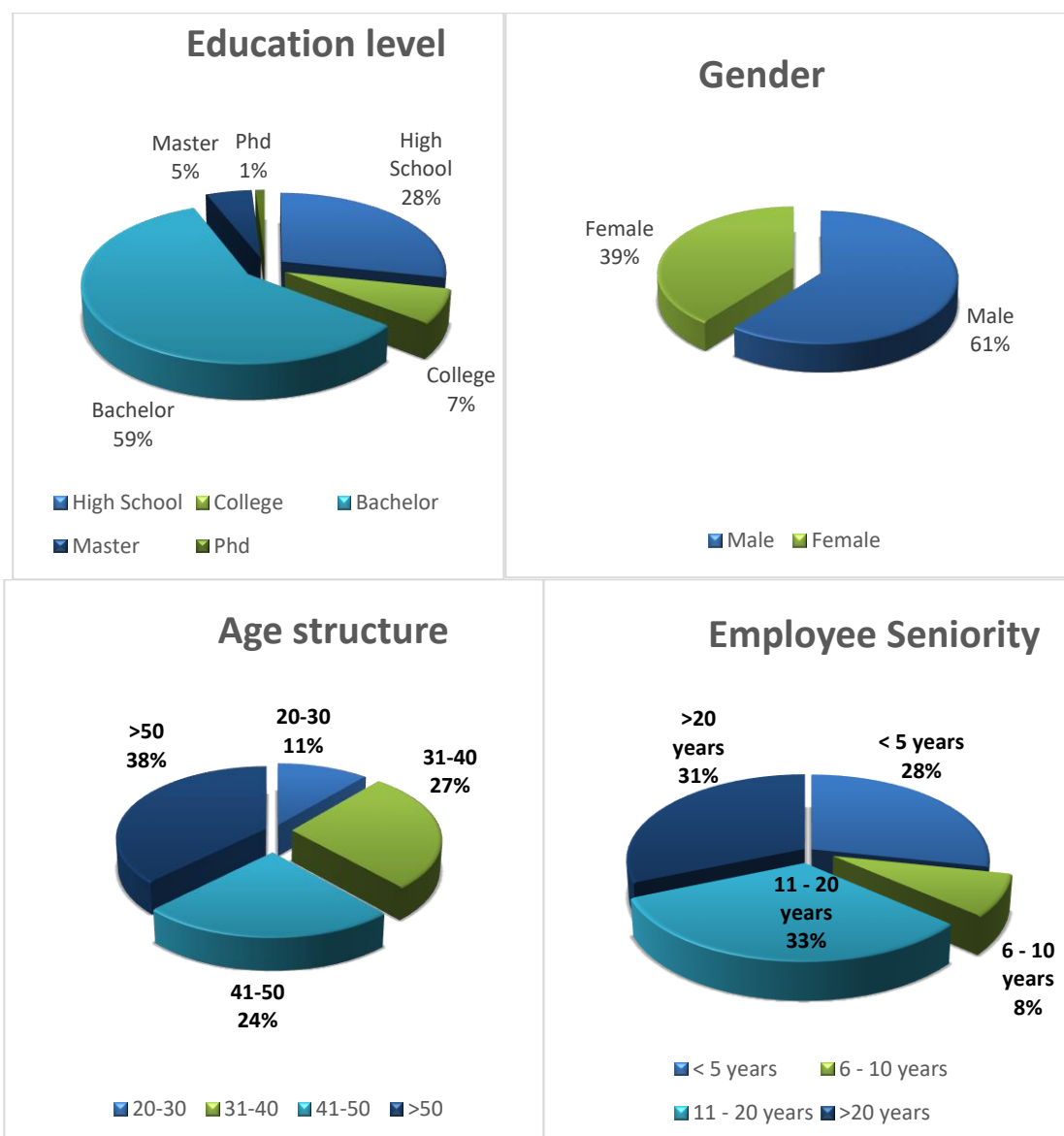


4.4 Personnel

As at 31 December 2021 the total staff employed by Jugopetrol AD was 94.



The structure of the personnel is presented in the following charts:



5. MAJOR FIXED ASSETS OF JUGOPETROL AD

5.1 Bar Terminal

Storage terminal in Bar was built in 1966 and its capacity was extended twice, in 1974 and 1990. It is the largest terminal in the country, with port loading, truck and train loading capabilities. The Company owns 20 tanks, with total capacity of 110.300 m³.



Its main activities include:

- Fuel receiving by ships (tankers)
- Possibility to receive and deliver the fuel by wagons and trucks
- Storage facilities
- Possibility to deliver fuel:
 - By trucks,
 - By wagons,
 - Bunkering.



5.2 Air services

5.2.1 Air service Podgorica

Air Service Podgorica is located at Podgorica airport in Golubovci, Podgorica, the capital of Montenegro. Total storage capacity is 300 m³, and fleet consists of 3 specialized refuellers for aircraft supply, with total capacity of 110 m³. Its main activities are fuel receipt by truck (from Bar Terminal), storage and plane refueling. Products supplied are JET A-1 and AvGas 100 LL.

It also has an internal petrol station (Euro diesel) for own trucks and airport's special vehicles.



5.2.2 Air service Tivat

Air Service Tivat operates since 1973, and is located at Tivat Airport, one of the main airports in the region. Total storage capacity is 7,825 m³, and fleet consists of 3 specialized refuellers for aircraft supply, with total capacity of 114 m³. Its main activities are fuel receipt by truck (from Bar Terminal), storage and plane refueling. Products supplied are JET A-1 and AvGas 100 LL.

It also has an internal petrol station (Euro diesel) for own trucks and airport's special vehicles.



5.3 Fuels transport unit

In order to effectively meet the needs of petrol stations and wholesale customers, Jugopetrol AD owns a fleet of tank trucks for transportation of fuels, unloading of fuel in underground or above-ground tanks, by pump or gravity flow, through unloading hoses of various diameters and coupling types, and equipped with volumeters for measuring the fuel quantity, all depending on the technical characteristics of the site for unloading or specific requirements of each individual customer. Volumeters are officially calibrated by the National Institute for Metrology. Each individual vehicle is properly registered, owns ADR certification for the

transport of dangerous goods, as well as the license for the commercial transportation of petroleum products issued by the Energy Regulatory Agency.

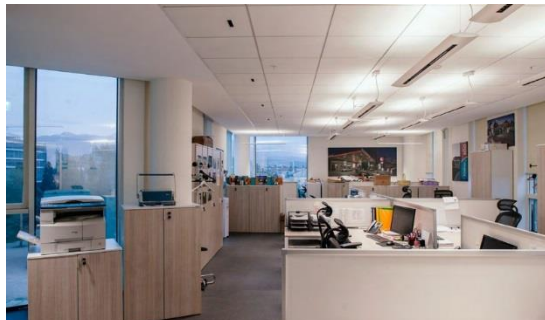
Aiming at renewal and upgrade of the fleet, Jugopetrol acquired and commissioned 4 new trucks in the beginning of 2020. Trucks are manufactured by “Mercedes”, and consist of 6 units-tankers manufactured by “Zygouris”, Greece, with total capacity of 130 m3.

In 2021 Jugopetrol upgraded and rebranded seven trucks in new EKO colours. The trucks subject to that project were two Mercedes and five Scania trucks with semitrailers, their total capacity is 230 m3.



5.4 HQ Building

In December 2014 Jugopetrol AD moved into a new head quarter building in Podgorica. The building is located near the city downtown, on the watersides of Morača river. It was built by the local construction company "Neksan", as one of the two adjacent buildings, with other building being occupied by "Universal Capital Bank" and “Ernst & Young Montenegro”. The building has ground floor, 4 floors, 1 underground floor and an underground garage. Jugopetrol AD owns floors 2, 3 and 4, and part of the garage.



Net area of the floors is approximately 410 m², so total area owned by Jugopetrol AD amounts to approximately 1.230 m².

Office area consists of offices for managerial personnel, open space offices and multimedia meeting rooms. Each floor is equipped with a kitchen, for the convenience of the personnel. LED lighting is installed within the building, with systems for occupancy detection and automatic adjustment of lighting level, depending on daylight available.

5.5 Petrol Stations

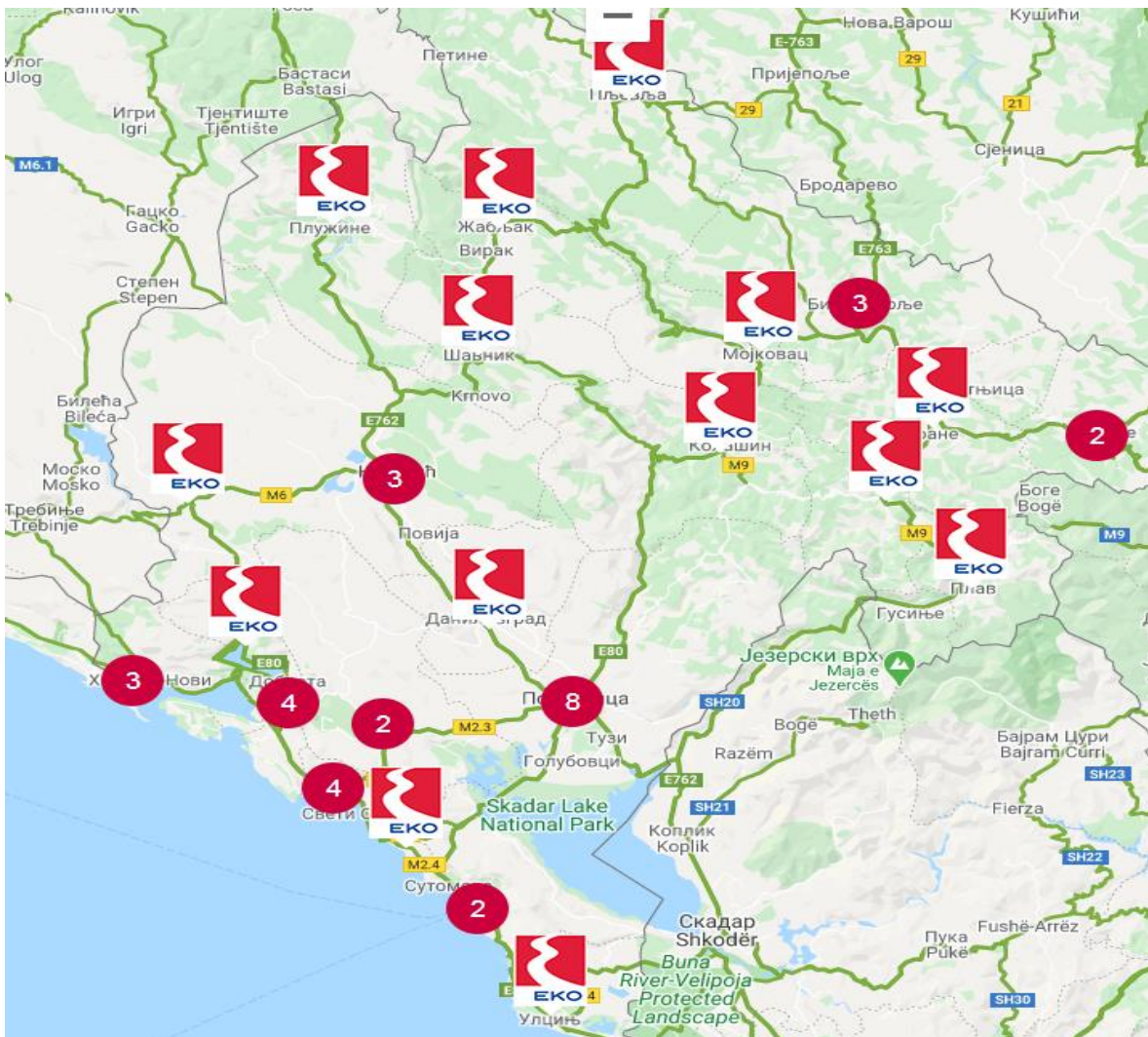
At the end of 2021, Jugopetrol AD Retail Network consisted of 44 Petrol Stations and 3 Yachting Services, covering the entire country.

In 2021 the network was increased by 1 new station, following a start of operations of a new station in Podgorica in March

40 out of 44 Petrol stations are owned by the Company, and the remaining 4 are leased under the long-term agreements

Operating model applied in retail network is COMO (Company Owned Manager Operated) and, depending on their location, all petrol stations are grouped into 3 regions: South, Central and North.

Sales in Central region are mostly stable during the year, while North and especially South region show higher seasonality (sales increase during the tourist season).





PS Lapčiči

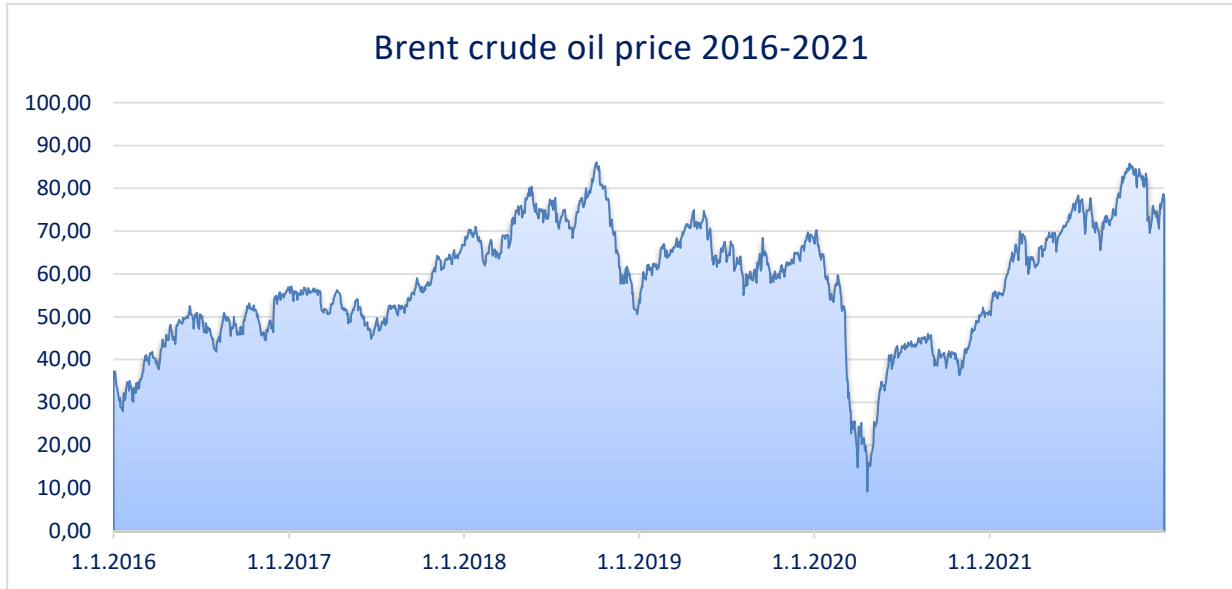


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6. BUSINESS ENVIRONMENT

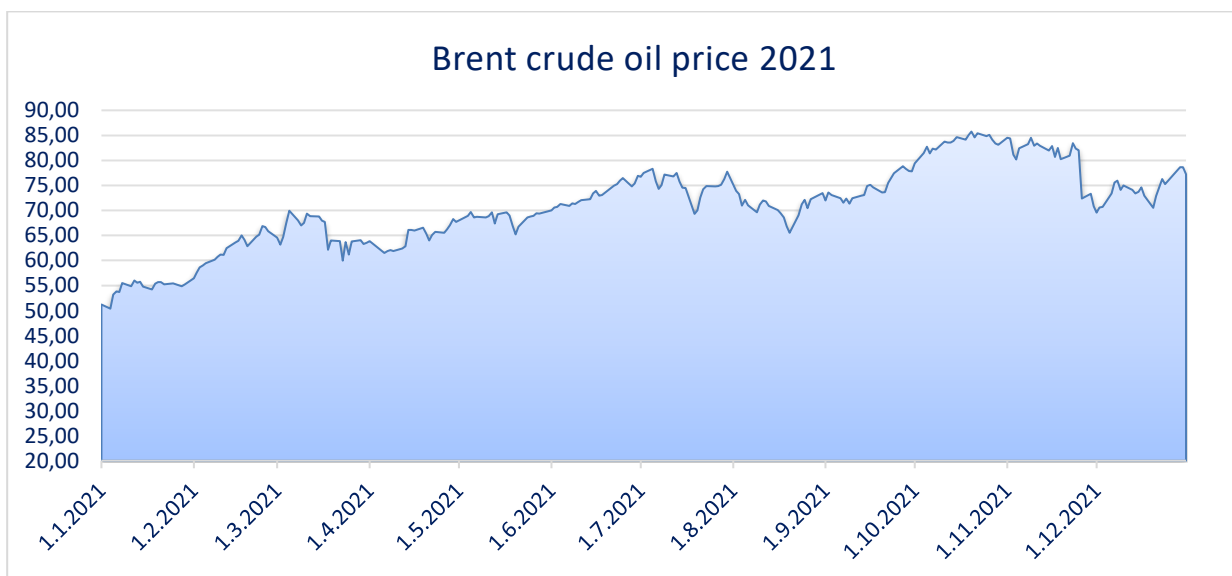
6.1 Global economic data

6.1.1 Oil prices



The oil industry managed to stabilise in 2021, after facing macroeconomic uncertainty regarding prices and demand for oil, gas and petroleum products, driven by the corona virus pandemic for the period 2019-2020 (COVID-19).

Price level in 2021 slowly begins to grow during the year, and in October reaches price above \$85/bbl, equaling to the value level from 2018.



6.2 Montenegro macro environment

After the pandemic began spreading in Europe in the spring of 2020, all countries in the world have faced a significant decline in budget revenues, primarily due to a dramatic decline in economic activity and the complete closure of certain activities. That was the case with Montenegro as well.

The high deficit at the end of 2020 created the need for additional borrowing, which, together with a significant drop in GDP, has caused gross public debt to rise to a level of 4.4 billion euros. Public debt at high levels is the major economic risk in Montenegro.

Due to the recovery from the global crisis, energy prices continues to rise, with limited availability of stocks in world markets. Rising energy prices can adversely affect economic developments in Montenegro. This primarily refers to the growth in the value of imports, disbalance of payments and the growth of inflationary expectations. In that regard, any possible limited availability of energy could cause issues concerning suspension of economic activity. Oil and gas prices are also on the rise, and according to forecasts of the International Energy Agency (IEA), this trend will continue in 2022 as well. In 2022, global demand and oil production will rise further.

The trend of price growth globally is to a great extent directly related to the growth of energy products, metal and food prices on international markets. Due to the 'euroization' of the Montenegrin economy, inflation growth in Montenegro is determined by external factors. According to the projections from major central banks and international financial institutions, growth tendencies are temporary. It is believed that the market itself will play the role of the regulatory mechanism, and that inflation will soon be within its normal range.

According to the expectations from international institutions, inflation will slow in the middle of 2022 i.e. once the base effect of strong price growth disappears

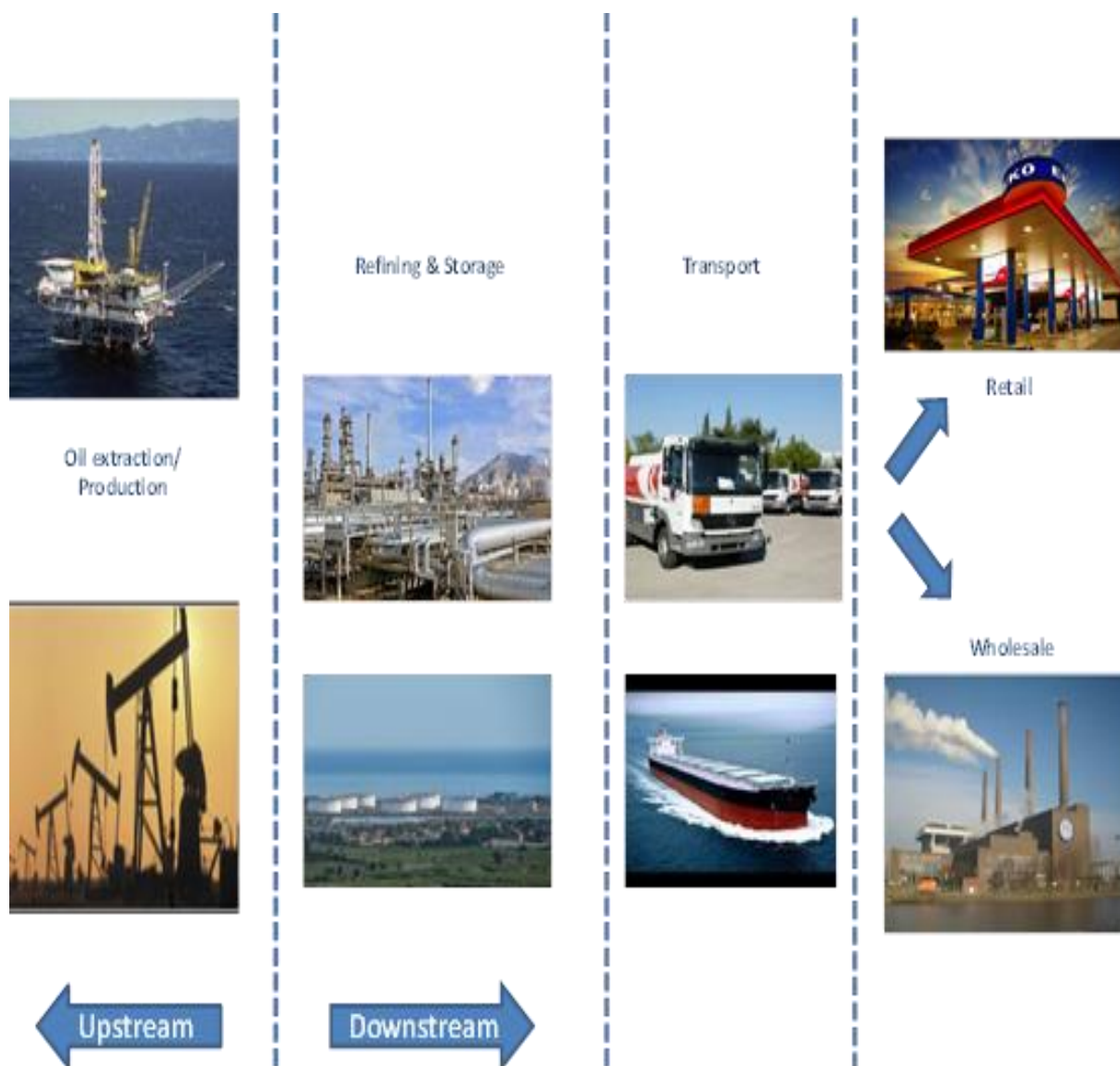
Montenegrin economy is gradually recovering from the 2020 deep recession. Nevertheless, given the uncertainties surrounding the recovery of tourism globally, it could take several years for Montenegrin economy to fully rebound to pre-pandemic GDP levels.

Source: Macroeconomic report from the Central Bank of Montenegro

6.3 General description of the fuel market in Montenegro

The fuels sector channels in Montenegro include sales to the end consumer or wholesale customers including commercial and industrial customers (C&I), and also includes sales to aviation and bunkering channels.

In the diagram below the oil cycle from extraction to distribution and sale to end users is presented:



6.4 Compliance with legal framework

The sector of petroleum products is governed by the following laws and regulations:

- Energy Law,
- Air Protection Law,
- Law on the Transport of Dangerous Goods
- General Product Safety Law,
- Inspection Law,
- Decree on the manner and amount of elements on the basis of which the maximum prices of petroleum products are formed,
- Regulation on limited values of pollutants in liquid fuels of petroleum origin.

Product Quality Control

The quality of petroleum products that can be placed on the market is defined by the “Rulebook on quality and quality control of liquid fuels of petroleum origin” and by the national standards for automotive fuels, MEST EN 228 for gasoline and MEST EN 590 for diesel. In addition, this Regulation governs the planning and implementation of programs for monitoring the quality of petroleum products at petrol stations, which is developed based on the standards EN 14274. The program includes:

- Methodology for program development (MEST EN 14274 - Annex D),
- The method of sampling, the number and the frequency of fuel sampling at gas stations (MEST EN 14275),
- The method of sampling, the number and frequency of sampling of diesel fuel from the storage (MEST EN ISO 3170).

Sampling and laboratory analysis is performed by an authorized legal entity, accredited according to MEST ISO / IEC 17025 standard.

Regulation of the Sector

In accordance with the Energy Law, Energy and Water Regulatory Agency of Montenegro (RAE) has passed the Rules on licenses in the energy sector of Montenegro. With this rules, in the field of oil and gas, RAE has shared the licenses (the periods of validity of licenses included in brackets), for:

- transport of petroleum products and gas by road transport vehicles (October 2025),
- storage of petroleum products (October 2030),
- storage of liquid petroleum gas (October 2030),
- sale and supply of end customers with liquid petroleum gas (April 2024),
- retail trade in petroleum products (April 2024),
- wholesale trade in petroleum products (April 2024).

According to the Law on Energy, the subject of regulation in the oil and gas sector are wholesale trade and retail trade, supplying the end-customer, storage and transportation of petroleum products and LPG.

A large number of licensees for a given activity reflects the high level of interest of market participants, what is a prerequisite for competition in the sector. With an exception of Montenegro Bonus doo Cetinje, virtually all other companies are privately owned.

In everyday activities the Company applies and fully complies with the Companies Law, the Labour Law, the Personal Data Protection Law and other relevant legislation.

7. BUSINESS ACTIVITIES OF JUGOPETROL AD

7.1 Fuel quality assurance

Jugopetrol AD is supplied exclusively from the refineries of Hellenic Petroleum in Greece, that produce latest generation of automotive and aviation fuels, ensuring smooth and efficient operation of modern engines and minimum emissions.

Fuels from the refineries are transported to Bar terminal by environmentally friendly double-skin tankers, thus minimizing possibility of ecological accidents.

Each delivery from the refineries is labelled with the unique batch number, thus enabling Jugopetrol AD to follow and monitor fuel quality in all phases of fuel receipt, storage and distribution.

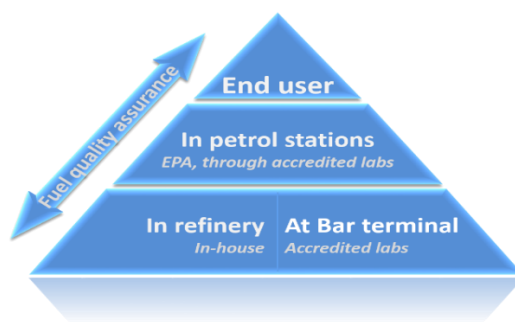
Monitoring of fuel quality starts in the refineries, and appropriate quality certificate follows fuel loaded into tanker. Upon tanker's arrival to Bar Terminal, fuel is sampled and analyzed in the accredited laboratory of "Institute for Transport" in Podgorica and "Jugoinspekt Control" in Bar, and tanker unloading commences only after the analysis confirms that the fuel quality matches the one specified in refinery certificate.

The fuel quality is checked again in shore tanks at Bar terminal after unloading, and distribution of fuel to end customers is allowed only after it passes quality analysis in accredited laboratory. Analyses are done in laboratories of "Institute for Transport" in Podgorica and "Jugoinspekt" in Belgrade (by the end of the Q3 of 2021), both accredited as ISO/IEC 17025 control laboratory by respective Accreditation bodies of Montenegro and Serbia.

Based on these analyses, fuel quality certificate is issued, which follows each delivery of the fuel, providing a proof that our fuel conforms to the appropriate national standards, MEST EN 590 for diesel fuels and MEST EN 228 for gasolines.

Monitoring of fuel quality continues to end users in petrol stations, where monitoring of fuel quality is officially regulated according to Montenegrin "Law on air quality protection" (Official Gazette of Montenegro, 43/15), and conducted by Environmental Protection Agency (EPA), based on annual "Program of fuel quality monitoring", which includes all petrol stations and Terminals in Montenegro.

In addition, Jugopetrol AD takes random samples in all stages of fuel distribution, to ensure that product maintains the same high quality until it reaches end consumers.



Fuel properties determined in laboratory are following:

Diesel:

- density,
- viscosity,
- sulphur content,
- flash point,
- cold filter plugging point,
- atmospheric distillation properties,
- water content,
- cetane number and cetane index,
- copper strip corrosion,
- content of various hydrocarbons.

Gasoline:

- density,
- octane number,
- sulphur content,
- vapour pressure and lock index,
- atmospheric distillation properties,
- water content,
- content of various hydrocarbons and oxygenates.

7.2 Introduction of EKO Guarantee

In February and November 2021 Jugopetrol AD continues its EKO Guarantee program, in cooperation with the University of Montenegro.. EKO Guarantee is a comprehensive quality and quantity control program which starts from our refineries in Greece and continues through fuel transportation by vessels to our Terminal in Bar, where the fuel is stored and after that distributed to end customers, as explained in Chapter 7.1.

The program implies an objective examination of quality and quantity of fuel, at all petrol stations in operation within the network. To ensure absolute quality of fuel, in addition to standard controls, the program provides additional on-site analyses in a mobile laboratory.

Since 2020 the company has its own mobile laboratory / van Citroen Jumper L4H2. The van has the following equipment for on-site analysis of fuel quality:

- automatic device for measuring flash point of diesel fuel, Grabner FP Vision;
- device for measuring water content in fuel, Aquamax KF Plus;
- calibrated etalon bottle of 20 liters, for determination of fuel pumps accuracy;
- manual instruments for measuring density of fuel – aerometers.

During the project Montenegrin students, together with independent lab technicians, had the opportunity to visit all EKO petrol stations in Montenegro, and to do on-site analyses in a specially equipped van / laboratory, and collect samples for quality and quantity controls. The results obtained from the on-site analyses have confirmed excellent quality of the fuel.



7.3 Fuels supplied by the Company to the domestic market

Jugopetrol AD, a subsidiary of Hellenic Petroleum Group, operates in domestic and international market of oil products, which are produced by the three Hellenic Petroleum Group refineries (Aspropyrgos, Elefsina, Thessaloniki).

Jugopetrol AD supplies the domestic market with fuel and lubricant products through retail and wholesale sales, as follows:

7.4 Retail fuel sales

Fuel sales in the domestic market include sales made through COMO petrol stations.

Petroleum products include:

- Gasoline
 - Gasoline unleaded 95
 - Gasoline unleaded 98

- Diesel
 - Diesel EKONOMY
 - Diesel AVIO Double Filtered
- LPG

Gasoline

Gasoline unleaded 95 and unleaded 98 are sold under the brand name gasoline Eurosuper 95EKONOMY and Eurosuper 98. The main advantages of these fuels are:

- improved performance,
- protect the engine from wear, reducing friction,
- more environment friendly (lower emission),
- increase fuel economy by 4%.

Diesel

Commercially marketed under the trade name DIESEL EKONOMY created for the needs of the most demanding drivers of all diesel engines (EURO 5 and older). The advantages of this fuel are:

- increases engine efficiency,
- directly reduces the noise of the machine up to 15%,
- provides excellent corrosion protection for all engine types,
- prevents the formation of deposits on injectors,
- reduces emissions of nitrogen oxides and unburned particles,
- reduces maintenance costs and ensures a longer life for the engine,
- increase fuel economy by 4%.

Starting from March 10th the Company introduced Diesel Avio Double Filtered fuel at EKO petrol stations following the decision of the Government to liberalize sales prices of premium products. Diesel Avio Double Filtered fuel, with increased cetane number, ensures purity and exceptional engine performance of car. Diesel Avio Double Filtered is an ideal fuel for professional and heavy vehicles with diesel engines Euro 5 and Euro 6.

LPG

It is a mixture of propane and butane, distributed in bulk as a motor fuel (autogas) or bottled. It is used as boiler fuel heating (for example in factories, hotels, households, etc.), as well as fuel for internal combustion engines. The target density is 0,57 gr/cm³.

7.5 Wholesale fuel sales

Wholesale fuel sales on the domestic market include sales to Commercial & Industry (C&I), Private Petrol Stations (PPS), Aviation and Marine.

C&I

This segment covers the needs for petroleum products of all Commercial and Industry customers in the country.

The products available are:

- Gasolines
- Diesel
- Heating diesel
- Gasoil
- JET-A1

Jugopetrol AD is the first choice for fuel in the C&I segment with consistency and reliability that characterizes the largest fuel company in Montenegrin market.

Knowing the customer needs for many years, Jugopetrol AD can ensure the quantity and quality of products delivered, the speed of loading and the technical excellence of the offered solutions.

Marine

Two types of fuel are sold in Marine segment:

- gas oil, marine oil with a sulfur content up to 0,1% intended for use on small boats, speedboats and larger vessels and
- diesel, which is the most widely used fuel in this segment in Montenegro.



Aviation

Jugopetrol AD is the sole supplier of Aviation segment in the Country and accordingly supplies customers in both Montenegro airports (Podgorica and Tivat). The product supplied is the JET-A1, which complies with the latest requirements of Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS) of the Joint Inspection Group (JIG). This fuel is produced under strict and controlled specifications and is handled at airports by specialist suppliers (into-plane providers). The target density of this fuels is 0,8 gr/cm³.



7.6 Non-fuel Retail, NFR

Apart from fuel, Jugopetrol AD also sells other products at its petrol stations in order to:

- better serve customer needs
- attract more customers to the petrol stations



The main categories of products traded in the shops are: café, snacks, cigarettes, food, lubricants and bottled LPG. There is also a car wash at selected stations.

Contribution of NFR sales to total revenue is on an increasing trend over the last couple of years and expectations are that it will grow further..

7.7 Commercial Pricing Policy

7.7.1 Oil pricing policies in General

Crude oil and fuel products trading can take place in physical markets (physical/spot markets) as well as in international stock markets (financial/paper markets) with prices formed daily according to the rules of supply and demand. The physical markets serve the delivery of physical quantities through bilateral delivery contracts. Stock markets serve the collection and delivery of goods in the future through standardized futures (forward, future contracts). Only 1-3% of these contracts result in physical delivery, the rest are sold before maturity. Prices on the stock markets are linked to the prices of contracts in the physical markets.

Prices of petroleum products published in "Platt's European Market scan" are used as benchmark prices. These are the prices of actual transactions of the day, for a certain number of crude oil and fuels categories (with specific specifications and cargo sizes), by geographical area and by type of contract (FOB or CIF):

- FOB (Free on Board): free on board, selling price of the product at the named port of shipment
- CIF (Cost, Insurance & Freight): Includes FOB price + the insurance for product transport, as well as transport of the product at the assigned port for discharge

$$\text{CIF Product} = \text{FOB Product} + \text{insurance cost} + \text{transport cost}$$

7.7.2 Pricing policy of Jugopetrol AD

Retail fuel prices in Montenegro are regulated by Government decree, which means that maximum prices and margins are fixed by Decree.

Retail Pricing

The maximum retail price ("MR")* is determined by the following formula ("formula price") and will result in a maximum retail price for each petroleum product expressed in €/lit.

$$\text{MR} = (\text{X1} * \text{X2} * \text{D}) + \text{X3} + \text{X4}, \text{ €/lit}$$

X1 = the average of prices of petroleum products published in "Platt's European market scan", based on the quotation for the CIF Mediterranean parity Genova/Lavera for a period of 14 calendar days immediately prior to Monday plus a fixed market premium.

X2 = the average of exchange rates expressed in €/US \$ published by the Central Bank of Montenegro, for the previously mentioned period of 14 calendar days immediately prior to Monday.

D = density conversion, which converts tonnes to liters.

X3 = total taxes that include import taxes and duties (including weight tax and port tax), excise tax and all other taxes under the laws of Montenegro.

X4 = Fixed amount in €/lit, which includes the following:

- internationally recognized maximum loss;
- the costs of shipment, handling and commission of the bank;
- storage, transport and distribution costs;
- retail costs;
- the gross margin for the oil company.

The calculation is made on every second Monday or the following day if Monday is not a working day.

Prices of premium products are not regulated by Government decree.

Wholesale pricing

Wholesale prices are based on maximum retail prices, with additional discounts applied to the base price, depending on a wholesale channel, a customer and collaterals.

The factors which influence the discount are the terms of delivery (agreed with the customer), terms of payment (agreed with the customer), collaterals offered by credit customers, quantity of the product sold (referring to the last delivery as well as to the monthly or to the annual consumption), future opportunities for business expansion with a certain customer, possibilities for increase the volumes sold to each specific customer and competition.

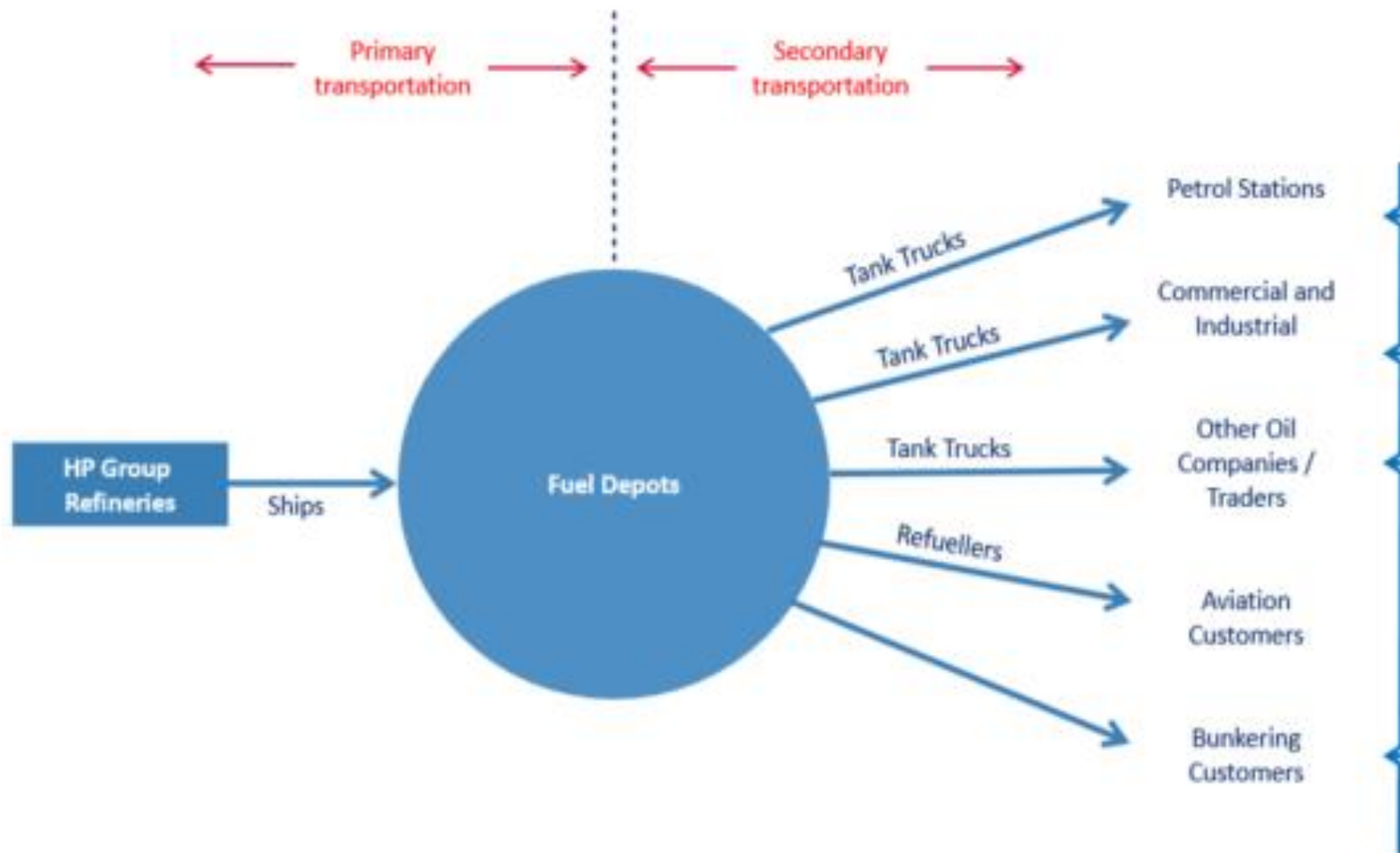
7.8 Suppliers of Petroleum products - Supply Chain

Jugopetrol AD gets fuel products from refineries of Hellenic Petroleum. Fuel is received by ships in Bar installation, in the south of Montenegro. The supply of oil products includes:

- primary transport, namely the supply of petroleum products from the refineries or imports to installations of oil companies (by ships in case of Jugopetrol AD)
- secondary transport, the transfer of petroleum products from storage facilities of companies to petrol stations and wholesale customers (C&I, PPS, Aviation and Marine fuels).

Market is highly competitive, with the biggest competition being regional oil companies (INA, Lukoil and Petrol).

An overview of Jugopetrol's AD supply chain chart is presented on the graph below.

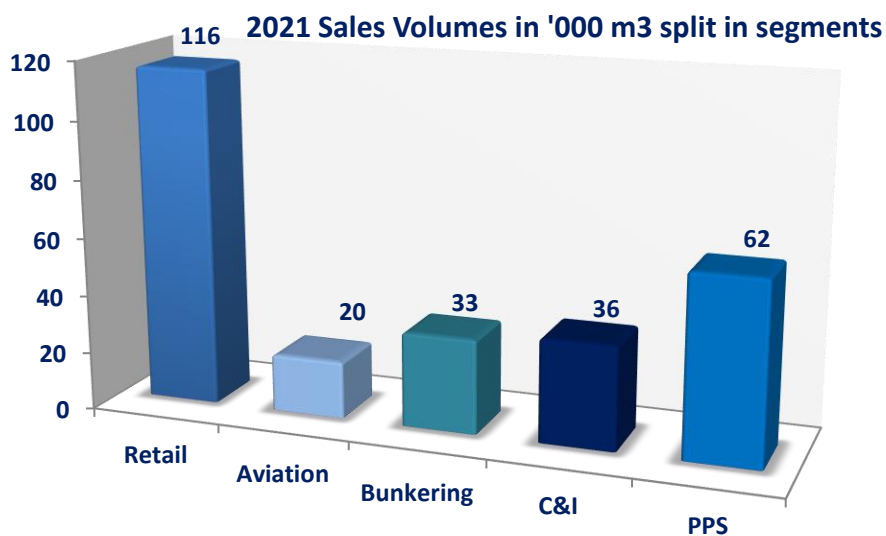
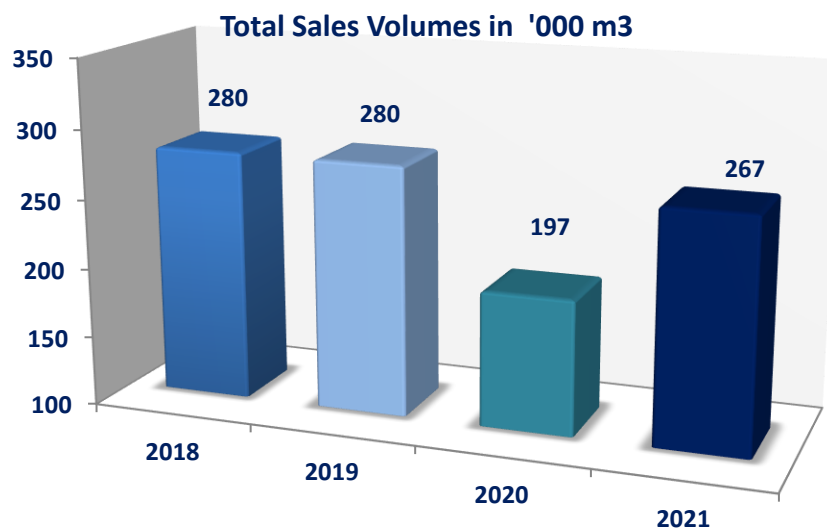


8. JUGOPETROL AD SALES QUANTITIES

8.1 Total fuel sales

Fuel market can be split into Retail and Wholesale segments. Furthermore, Wholesale segment sales can be split into: aviation, bunkering, sales to commercial customers and industry (C&I) and sales to competitors petrol stations (PPS).

Total fuel sales in 2021 recorded an increase of 35% as compared to the last year.



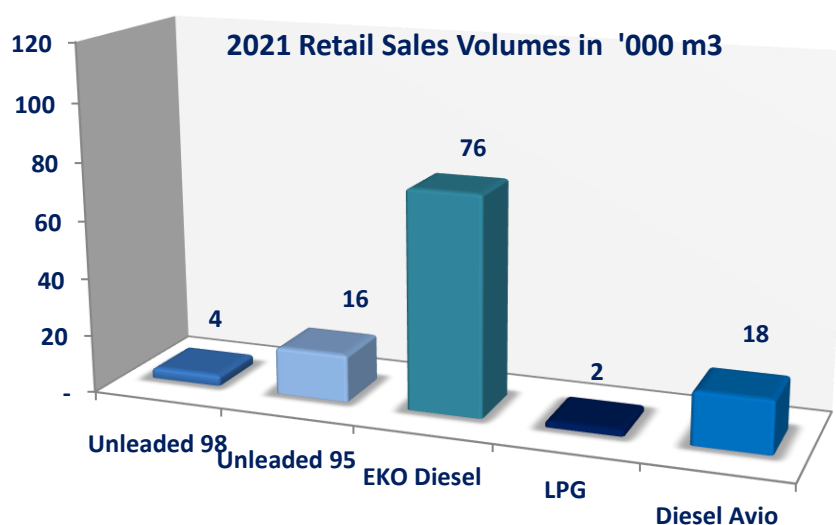
8.2 Retail Market

Retail fuel sales at the domestic market include sales made through the network of 44 COMO petrol stations and 3 yachting services. The volumes sold are presented in the following table.

Retail Sales Volumes in '000 m3	2018	2019	2020	2021
Unleaded 98	4	4	3	4
Unleaded 95	19	18	12	16
EKO Diesel	93	96	76	76
LPG	4	3	2	2
Diesel Avio	-	-	-	18
Total	120	121	93	116

Retail volumes were by 24% higher than last year. Upside was recorded in all months, and the biggest incremental was recorded in July and August, which was a result of a summer season contribution driven by regional touristic movements

As far as products are concerned, diesel is still by far the most dominant product, with more than 81% of the total retail demand, as shown in the chart below:



In 2021, the Company was focused on completing the project of reconstruction of its retail network, which significantly improved the appearance of stations promising future growth in sales.

During the year the reconstruction of five additional stations was completed, leaving the one last station pending to be finished during Q1 2022.

8.3 Wholesale Market

Wholesale fuel sales on the domestic market include sales to commercial & industry customers, aviation, bunkering, as well as private petrol stations (competitors). The relative volumes of these sales per product are presented in the following table.

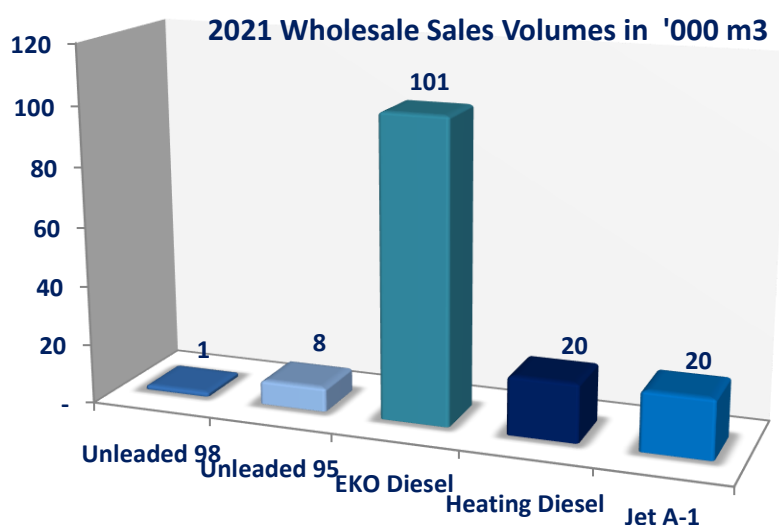
Wholesale Sales Volumes in '000 m3	2018	2019	2020	2021
Unleaded 98	2	2	1	1
Unleaded 95	10	10	6	8
EKO Diesel	92	89	76	101
Heating Diesel	10	10	7	20
Jet A-1	47	48	13	20
Total	161	159	104	150

Wholesale volumes were 45% higher than last year.

Commercial & Industry (C&I) sales volumes were 14% higher than in 2020, mainly due to deliveries related to exploration activities in the Adriatic Jugopetrol AD is the first choice for fuel supply in the C&I segment, with consistency and reliability of supply that characterizes the largest fuel company in the Montenegro market. Knowing the customer needs for many years, Jugopetrol AD can ensure excellent quality of products delivered, the speed of loading and technical excellence of the offered solutions.

Private petrol stations (PPS) sales volumes were by 16% higher compared to the last year, due to good tourist season and less restrictive measures against the Covid 19. Sales in this segment represent 23% of total sales in 2021.

Sales to yachts and other vessels were by five times higher than last year because of a contract with one major customer.



9. FINANCIAL STATEMENTS AND KEY RATIOS

9.1 Profit & Loss Statement

	2021	2020
1. Sales revenue - net income	149.889.262	82.301.014
2. Change in value of finished goods inventories and work in progress	-	-
3. Revenue from the effects and goods activation	-	-
4. Other operating income	971.464	2.355.226
5. Operating expenses	140.749.718	78.122.657
Cost of goods sold and the cost of materials	127.652.881	66.590.773
Other operating expenses	9.600.083	8.408.634
Amortisation	3.496.755	3.123.250
6. Wages expenses, wage compensation and other personal expenses	3.015.784	2.762.007
Net wage costs, wage compensation and personal expenses	1.997.820	1.753.369
Tax and contribution costs	1.017.965	1.008.638
a) Tax costs	225.260	217.794
b) Pension contribution costs	456.272	458.087
c) Contribution costs	336.433	332.757
7. Expenses on value adjustments of assets	65.979	111.793
Expenses on value adjustments of current assets	65.979	111.793
8. Other operating expenses	1.013.129	914.503
I OPERATING RESULT	6.016.115	2.745.281
9. Income from share in equity	-	-
10. Income from other financial investments and loans	-	-
11. Other income from interest, exchange rate differences and other contractual hedging effects	117.932	137.473
Financial income from current receivables from unrelated legal entities	117.932	137.473
12. Value adjustment of short-term financial assets and financial investments that are part of current assets	-	-
13. Interest expenses, foreign exchange differences and other contractual protection effects	35.775	36.670
Interest expense, foreign exchange differ. and other contractual hedging effects of relati. with other related parties	35.775	36.670
II FINANCIAL RESULT	82.157	100.803
III OPERATING RESULT BEFORE TAXATION	6.098.272	2.846.084
IV NET RESULT OF OPERATIONS WHICH IS SUSPENDED	-	-
V RESULT BEFORE TAXATION	6.098.272	2.846.084
14. Tax expense of the period	570.522	276.076
Current corporate income tax	567.331	262.530
Deferred tax expenses or income for the period	3.191	13.546

15. Profit or loss after tax	5.527.750	2.570.008
VI. GROSS RESULT OF OTHER RESULT ITEMS / RELATED TO CAPITAL	31.568	49.955
Changes in revaluation reserves on property, plant and equipment, intangible assets and biological assets	(734)	26.148
Changes in actuarial gains and losses on defined benefit plans (or losses) in connection with defined benefit plans	32.302	23.806
VII. DEFERRED TAX EXPENSES OR INCOME OF THE PERIOD IN CONNECTION WITH OTHER ITEMS OF RESULT/RELATED TO CAPITAL	-	-
VIII. NET RESULT OF OTHER RESULT ITEMS/RELATED TO CAPITAL	31.568	49.955
IX. NET COMPREHENSIVE RESULT	5.559.319	2.619.963
X. EARNINGS PER SHARE		
Basic earnings per share	1,19	0,56
XI. NET RESULT BELONGING TO THE OWNERS OF THE PARENT LEGAL ENTITY	-	-
XII. NET RESULT BELONGING TO NON-CONTROLLING PARTICIPATIONS	-	-

9.2 Balance Sheet

	2021	2020
A. UNPAID REGISTERED CAPITAL	-	-
B. FIXED ASSETS	54.518.877	53.113.608
I INTANGIBLE ASSETS	6.291.283	6.218.292
Concessions, patents, licenses and similar rights and other intangible assets	5.344.312	5.347.180
Goodwill	848.942	848.942
Advances for intangible assets and intangible assets in preparation	98.029	22.170
II. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS	46.613.931	45.166.219
Land and buildings	37.615.706	33.751.279
Plant and equipment	5.984.334	5.911.213
Other installed equipment, tools and equipment	1.738.447	1.743.387
Advances in PPE and biological assets and PPE and biological assets in preparation	1.275.444	3.760.339
III LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES	1.613.663	1.729.098
Shares in subsidiaries	2.349	2.349
Participation in equity with legal entities	78.508	79.315
Other long-term investments and receivables	1.532.806	1.647.433
D. CURRENT ASSETS	56.994.825	52.819.710
I. INVENTORIES	17.044.301	9.830.890
Inventory of materials	106.756	142.117
Finished products and goods	16.633.688	9.458.166
Advances given	303.857	230.607
II. SHORT-TERM RECEIVABLES	16.772.477	14.139.848
Receivables from buyers	10.814.482	8.738.841
Other receivables	5.957.995	5.401.007
Receivables on Value Added Tax	5.472.076	4.033.601
Other unmentioned receivables	485.919	1.367.406
III. SHORT-TERM FINANCIAL INVESTMENTS	163.648	164.105
IV. CASH ON ACCOUNTS AND IN HAND	23.014.399	28.684.867
V. FIXED ASSETS FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS		
E. ACCRUALS	248.521	73.180
TOTAL ASSETS	111.762.224	106.006.498

A. CAPITAL	94.118.133	91.816.595
I BASIC CAPITAL	67.986.605	67.986.605
II UNPAID SUBSCRIBED CAPITAL	-	-
III EMISSION PREMIUM	-	-
IV RESERVES	8.406.081	8.374.513
Statutory reserves	-	-
Other reserves	2.469.979	2.469.979
Positive reval. reserves and unrealized gains on financial assets and other components of other comprehensive result	6.080.719	6.080.719
Negative reval. reserves and unrealized losses on financial assets and other components of other comprehensive result	163.009	130.634
V RETAINED EARNINGS OR LOSS	(307.626)	(306.819)
Retained earnings from previous years	17.725.447	15.455.477
Retained earnings for the current year	12.197.697	12.885.468
VI NON-CONTROLLING INTEREST	5.527.750	2.570.008
B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES	-	-
I LONG-TERM PROVISIONS	1.834.437	922.486
Provisions for employee benefits and other benefits	373.255	414.616
II LONG - TERM LIABILITIES	373.255	414.616
C. DEFERRED TAX LIABILITIES	1.461.181	507.871
E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES	1.461.181	507.871
I SHORT-TERM PROVISIONS	88.158	85.040
II SHORT-TERM LIABILITIES	-	-
Loan liabilities from credit institutions	14.623.772	12.193.304
Prepayments, deposits and bails	-	-
Liabilities to suppliers	14.623.772	12.193.304
Liabilities to the parent and subsidiaries entities	-	-
Other operating liabilities and other short-term liabilities	1.475.893	1.244.571
Other short-term liabilities	2.587.470	2.057.966
Liabilities for Value Added Tax and other public revenues	1.080.534	889.958
Liabilities for corporate income taxes	9.479.875	8.000.810
F. ACCRUALS	1.097.723	989.073
TOTAL EQUITY AND LIABILITIES	111.762.224	106.006.498

9.3 Events after the balance sheet date

There were no materially significant events that could have affected the accuracy of the financial statements after the closure of the books.

9.4 Financial Ratios

Profitability has been steady over the years, as a result of a successful transformation and improved efficiency. Lower profitability ratios in 2021 were driven by unfavorable fluctuations of fuel prices, which had a negative impact on Gross Margin, as well as an increase in depreciation cost as a result of investments in retail network.

The Company has a solid organizational structure basis to address any challenge, a solid balance sheet structure and high liquidity, which create an additional shielding during this difficult and uncertain times. Based on our analysis no material uncertainty exist to an Company's ability to continue as a going concern. Policy makers' actions and implementations at European and local level that will mitigate the impact of unprecedented crisis, during and after it, is extremely important.

Profitability	2018	2019	2020	2021
Net Profit Margin %	4,1%	2,7%	3,2%	3,7%
EBITDA Margin %	6,0%	4,8%	7,1%	6,3%
Gross Profit Margin %	14,1%	13,3%	20,1%	15,5%
ROCE	8,0%	5,0%	3,0%	6,3%

Liquidity has been at a very high level at all times. High values of liquidity ratios mean that the Company has consistently been able to meet its short term liabilities without any issues. This is further strengthened by the fact that the company had over 23m of cash and cash equivalents at the end of 2021.

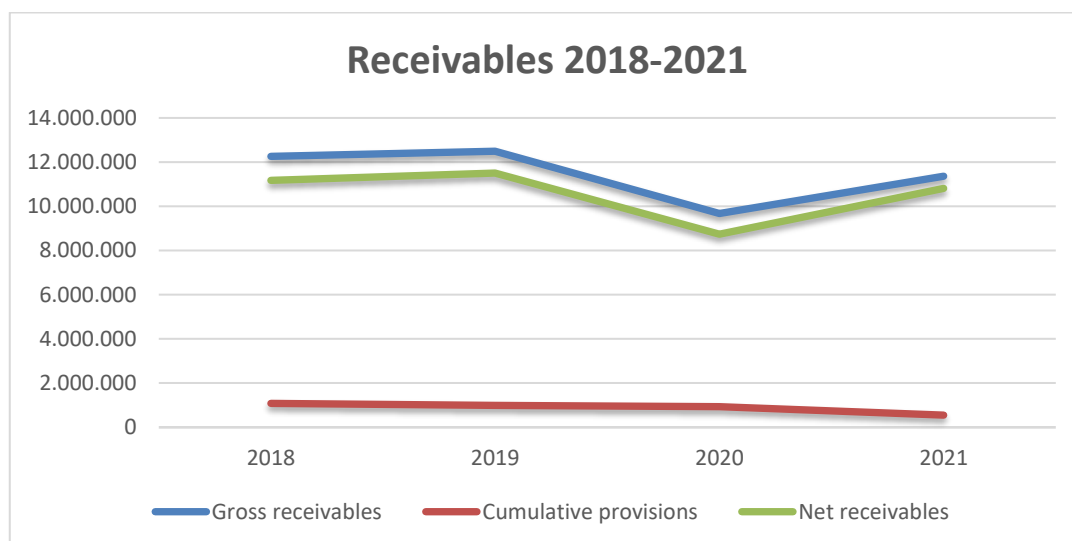
Liquidity	2018	2019	2020	2021
Current ratio	4,1	3,4	4,0	3,6
Quick ratio	2,7	2,8	3,3	2,6
Cash ratio	1,2	1,6	2,2	1,5

Jugopetrol AD has an extremely strong financial position emphasized by its low gearing ratio. The application of IFRS 16 in 2019 resulted in a recorded long-term lease liability (calculated as total long-term liabilities divided by total assets). The debt ratio is calculated as total liabilities divided by total assets, while debt/equity ratio is calculated as total liabilities divided by equity.

Solvency	2018	2019	2020	2021
Debt ratio	14,2%	16,7%	13,4%	15,8%
Debt/Equity %	16,6%	20,0%	15,5%	18,7%
LT Debt/Equity %	0,0%	0,7%	0,6%	1,6%

As a result of continued efforts from Sales and Credit Control Departments the overdue receivables are kept at low level. The receivables shown in the age structure below contain customer prepayments.

Trade receivables	2018	2019	2020	2021
Up to 6 months	11.160.015	11.540.049	8.761.063	10.823.659
More than 6 months	1.096.471	954.315	914.830	543.070
Gross receivables	12.256.487	12.494.365	9.675.892	11.366.729
Impaired	1.083.195	988.350	937.051	552.247
Net receivables	11.173.291	11.506.014	8.738.841	10.814.482



9.5 Tax contributions

Jugopetrol AD is a main contributor to the Montenegro State budget. In 2021 a total of EUR 95,5 milion was paid in terms of Excise and Income tax alone.

	2018	2019	2020	2021
Excise	102.158.346	100.974.937	81.236.247	95.292.338
Income tax	728.834	661.928	383.163	246.778
Total:	102.887.180	101.636.865	81.619.410	95.539.117

9.6 Business achievements in 2021

During 2021 Jugopetrol AD continued to implement its strategic vision of being the leading petroleum company in Montenegro, despite being faced with an increasing competition and a flat fuel market in Montenegro.

The main achievements for the year include:

- Defended market share despite increased competition through targeted sales activities.
- Credit exposure contained; no major risks

- A major reconstruction/refurbishment project on the majority of the network of petrol stations in order to modernize, adapt to increasing compliance requirements and improve customer satisfaction, coming to an end.
- Despite the crisis all over the world, at the beginning of the year our Company has succeeded to introduce Diesel Avio Double Filtered fuel at EKO petrol stations, on Montenegrin market. Technologically advanced euro diesel for car created by refining additives that improves engine performance and by applying the fuel filter technology used in the aircraft industry. Diesel Avio Double Filtered fuel, with increased cetane number, ensures purity and exceptional engine performance of car.



10. FUTURE PLANS AND PROJECTS

10.1 Overview of Business Strategy

Jugopetrol is the only fuel company in Montenegro offering a full coverage of the country including all major cities and key transit routes. Aiming to continuously improve its offering to the public and customer satisfaction, the company is always looking to expand its network of petrol stations. This may be achieved through acquisition of existing petrol stations owned by other companies or private individuals and by greenfield constructions in areas where there is increased demand. Such a model yielded new petrol station Podgorica 11, that was opened in mid 2021, a is expected to start operations in April 2022.



Petrol station Podgorica 3

Such an approach to network development and expansion allows Jugopetrol to have a diversity of petrol stations adapted to customers' needs in specific locations – from small stations in towns and suburban areas to state-of-the-art stations in city centers and along the busy roads, followed by accompanying services such as shop with wide spectrum of products and car wash service.

In 2021 Jugopetrol will continue with this approach to network development, further expanding in selected areas that have been recognized as locations of strategic importance. We will also complete the implementation of the new Retail Visual Identity (RVI) which started in 2017 and continue investing in the existing network, with the aim to expand the scope and quality of service, making it more appealing to customers and to further strengthen our sales.

Jugopetrol plans to further improve its customer experience by focusing on customer service through continuous and upgraded training of the sales people both at the petrol stations and in the headquarters.

As a company that is known for its innovative approach to the market, Jugopetrol is constantly trying to give their customers more for their money through the product portfolio in both fuel and non fuel segments.

Jugopetrol is interested in all forms of energy and will be actively investigating opportunities in the renewable sources sector.

10.2 Project Elephant

Jugopetrol AD will have reconstructed 29 petrol stations through Elephant project; the latest petrol station in that project is Kotor, whose reconstruction is in progress, and is expected to be completed by the end of April 2022. This project, apart from alignment with new legislation, successfully implemented new RVI layout and new Kalypso shop concept.

All petrol stations reconstructed within Elephant project have received all necessary permits, and before their reopening, as a final operational requirement, licenses from Regulatory Agency for Energetics were obtained.



Petrol station Nikšić 3 - after reconstruction

11. RESEARCH AND DEVELOPMENT

11.1 Operations and efficiency improvements

11.1.1 Health, safety, security and environment

Aiming to protect people and their health, assets and environment, Jugopetrol conducts constant renewals and upgrades of HSSE systems in all facilities. We receive contemporary technical, firefighting and antirobbery equipment, with high protection index in all critical locations and processes. With the same aim, education and training for safe operation of all personnel is conducted.

High risk microlocations are additionally protected with modern technical solutions, such as safety gas valves, gas detectors and interior and exterior leakage centrals at LPG installations.



11.1.2 Petrol stations

In 2020 and 2021 licenses of the State Regulatory Agency for Energetics have been renewed for the upcoming 10 years period.

Jugopetrol AD stays committed to implementation of modern technologies, and constantly strives to deploy most efficient operations methods. All reconstructed or newly built stations have LED lighting, both indoor and outdoor. The new red-white RVI signage also runs on LED technology, thus significantly reducing energy consumption, emission of heat and toxic substances.

Jugopetrol AD installed chargers for electric vehicles in two petrol stations during 2021, at Podgorica 11 and Tivat, and plans to install three more chargers during 2022, with the aim to facilitate the usage of electric vehicles by expanding a network of electric chargers at petrol stations.

Reconstructed stations feature equipment and technology that meet the latest Montenegrin and EU standards, and includes double-walled tanks and pipelines, stage 1 and 2 vapour recovery system and leakage detection system, separator of oily waters (both for forecourt and car wash unit, where car wash exists), biocleaners for stations where there is no public sewage connection, advanced firefighting systems, etc.

Stations that are not subject to reconstruction are refreshed with implementation of new Kalypso standard for the shops; the project successfully started in 2021 with petrol stations Budva 1, Podgorica 9 and Herceg Novi 1, and will continue further with the dynamics of three petrol stations per year.

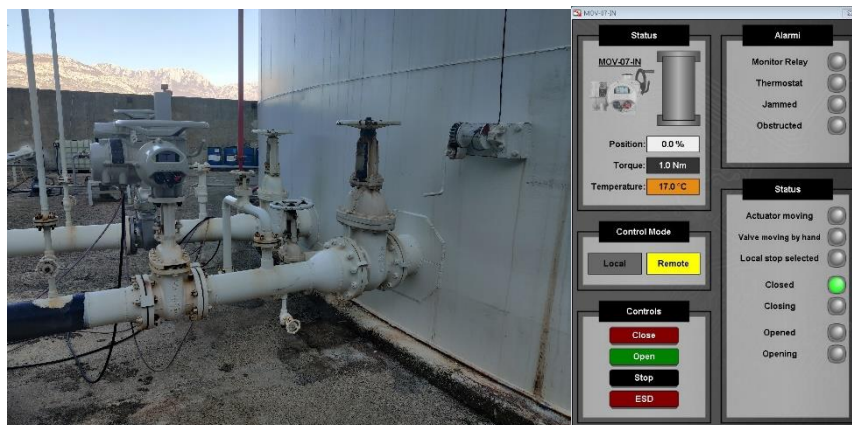


PS Podgorica 6

11.1.3 Bar terminal

During 2021 Bar Terminal continued with investments in equipment upgrade and maintenance, in order to make plant operations more efficient and safer for day-to-day operations.

Implementation of motor-operated valves (MOV) at inlet and outlet pipelines at tanks continued. Twenty six valves have been installed so far, and now all operational tanks at their outlet pipelines, partially on inlet pipelines and at fuel receipt pipelines, are equipped with MOVs that are operated from Control room of Bar Terminal. Project is planned to continue in years to come at remaining inlet pipelines.



Operation of motor valves is done from Control room of Bar Terminal

Technical inspection of pipelines has continued, and technical inspection of tanks is planned for following years, along with their cleaning and degasation, aiming to maintain highest quality of the product.

The project of anti-corrosive protection of tanks and pipelines continued, and in 2021 it included fuel pipelines, walls of one and floors of four storage tanks.



Anticorrosive protection of pipelines and tanks

Conceptual design for construction of three new islands for trucks bottom loading, with vapour recovery system, has been completed. Construction of these facilities is expected in early 2022.

11.1.4 Air services

Process of aircraft supply and maintenance of facilities and equipment was conducted in a regular way, but with considerably lower volumes, due to corona virus pandemic, while for the same reason, there were no serious investment activities in 2021.

Both Air service in 2021 have successfully undergone IATA Quality Pool audit, performed by Estonian company Get Jet at AS Tivat, and by Turkish Airlines at AS Podgorica.



11.1.5 Fuel transport

All trucks, both owned by Jugopetrol or by external contractors, are equipped with GPS tracking system. This system enables operators to follow position of the vehicles in real time, thus alleviating communication and increasing safety of the trip.



11.2 Learning and growth

11.2.1 Professional development of employees

Investing in professional development of employees is one of the key points on which the success of every company lays upon. Jugopetrol AD invests a lot in the development of its employees. In order to monitor the changes in the market, Jugopetrol AD educates its employees in order to adapt to the current situation and acquire necessary business skills that will help them build their career.

11.2.2 Continuous education

We have continuous education in the field of finance and accounting. At the moment 4 of our employees have accounting licenses. The company continues to invest in education in the field of finance and accounting, by financing the exams and the accompanying literature.

Continuous education includes participating in seminars organized by the Institute of Certified Accountants of Montenegro. Seminars are organized several times a year, including the Congress which is organized once a year.

Seminars are organized for the application of all amendments to various Laws, including the preparation of financial reports at the end of the year.

11.2.3 Employee training

Employee training is an investment that contributes to the development of individuals, to the increase of employees' productivity and to the overall business success.

During 2021 our employees were participants at various trainings, seminars and conferences. In October 2021 our colleagues who have licences for authorized accountants, attended at the Congress organized by the Association of Accountants and Auditors of Montenegro.

During 2021 our employees attended trainings in the areas of safety, finance, marketing and trade.

11.2.4 Internship program

The Internship program is regulated by the Law on Vocational Training for Persons with Higher Education.

Since 2014 Jugopetrol AD has been participating in the Internship program (with the exception of 2015).

Internship program is designed as a program for acquiring knowledge, skills and competences, for a persons with high education, but without work experience. The aim of Internship program is to help young people with atransition from the world of education to the world of work. This program is being conducted without signing an employment contract. The program itself lasts nine months, from 15th January to 15th October.

In 2021 Jugopetrol AD had 8 interns in the following sectors: Finance and administration, Internal audit, CEO cabinet, Operations, Commercial and HR.

12. RISK MANAGEMENT

12.1 Main risk factors and mitigating measures

The Company is exposed to a variety of macroeconomic (foreign exchange, oil price), financial (market risk, credit risk, liquidity risk) and operational risks. In line with international best practices and within the context of the local market and regulatory framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and/or mitigating its adverse effects on the financial position of the Company to the extent possible.

The Company's overall risk management program focuses on individual risk areas by addressing each class of risk individually. The main risks faced by the Company, along with the corresponding mitigating measures are described below:

Main risks	Assesment / Mitigating measures
Macroeconomic environment	
Foreign exchange risk	<ul style="list-style-type: none">- Since functional currency of the Company is EUR and sales and purchases are denominated in EUR, management assessed exposure to foreign currency fluctuations as immaterial.- Minor number of transactions in other currencies are converted into EUR on the transaction date.
Oil price	<ul style="list-style-type: none">- The Company has exposure to the risk of commodity prices of oil. However, taken into consideration the fact that selling prices are set by the State Decree following market prices of oil, exposure to price risk is not material for the local market, although there is no 100% safeguard against the international fuel prices fluctuations.
Financial risks	

Market risk: - 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.
Credit risk	- Differentiation of customers' mix - Faster collection of receivables (DSO reduction) - Review of customers' rating status and limits - Increased collateralisation.
Liquidity risk	- Maintaining sufficient cash - Improving rate of collection of receivables - Adjusting the amount of dividends paid to shareholders - Phase capex - Monitoring capital on the basis of the gearing ratio. In 2021 the Company did not use any borrowings from the banks.
Operational risk	
Safety & Environment	- Application of safety processes and regular inspection of all facilities. - Investments to improve levels of safety and environmental protection.
Compliance in terms of operational and product quality	- Implementation of necessary measures for full compliance with the existing specifications both on supply chain level and product quality. - Investments for adjustment of equipment configuration, in accordance with the local framework.
Property and liability risk	- Insurance coverage for a number of risks, including damage of physical assets, personal injuries, business interruption, product or other liability.

12.2 Overview of Internal Audit System and Risk Management

In the same context, the Company's Internal Audit System and Risk Management include safeguards and monitoring mechanisms at various levels within the organization, as described below:

Risk Identification, Assessment, Measurement and Management

The identification and assessment of risks takes place mainly during the strategic planning and the annual preparation of the business and audit plan. The benefits and opportunities are examined in the context of the company's activities, but also in relation to the several and different stakeholders who may be affected.

Planning and Monitoring/ Budget

Company's performance is monitored through a detailed budget per operating sector and market. The budget shall be adjusted systematically and Management monitors the development of the Company's financial performance through regularly issued reports and budget comparisons with the actual results.

Adequacy of the Internal Control System

The Internal Control System consists of the policies, procedures and tasks which have been designed and implemented by the Management Team of the Company and Internal Audit Department for the purpose of the effective management of risks, the achievement of business objectives, the reliability of financial and administrative information and compliance with the laws and regulations.

The Independent Internal Audit Department, by means of periodic assessments, field and administrative audits, ensures that the identification procedures and risk management applied by Management are sufficient, that the Internal Control System operates effectively and that information provided to the BoD relative to the Internal Control System, is reliable and of good quality. In addition, the Internal Audit Department acts in line with the recommendations provided by the HP Group Internal Audit Department and is responsible for their implementation.

The Internal Audit Office has fully fulfilled the planned activities defined by the Annual Audit Plan (11 Audits), which was adopted by the Audit Committee, but also initiated 8 audits in different business segments for the purpose of adequate and appropriate risk management.

In order to strengthen internal controls and business processes, as proposed by the Internal Audit Department, 5 internal procedures were prepared during 2021, in the field of operational and commercial business, as well as in the field of human resources.

In order to act preventively, in addition to the audits which fall within the scope of the Annual Audit Plan, the said Department conducted 71 controls of commercial and financial operations at petrol stations, 65 controls of deliveries of petroleum products to petrol stations, and 69 controls of deliveries to commercial customers.

Roles and responsibilities of the BoD

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

Prevention and Suppression of financial fraud

The areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

Internal Operating Regulation

The Company has compiled relevant internal regulations approved by the BoD. Within the framework of the Regulations, powers and responsibilities are defined which promote the adequate segregation of duties within the Company.

The Company's Code of Conduct

In the context of the fundamental obligation of good corporate governance, the Company has drafted and adopted the Code of Conduct, approved by the BoD of the Company. The Code of Conduct summarizes the principles according to which any person, employee or third party involved in the operation of the Company, as well as collective body, should act within the framework of their duties. For this reason, the Code constitutes a practical guide of the day-today tasks of all employees of the Company, but also of third parties who cooperate with it.

Safeguards in Information Technology Systems

The Group's IT Department is responsible for developing the IT strategy and for staff training to cover any arising needs and the IT department is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary. The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures.

Safeguards for Financial Statements and Financial Reporting

The Company applies common policies and monitoring procedures of accounting department which include, amongst others, definitions, accounting principles adopted by the Company, guidelines for the preparation of financial statements and consolidation. Furthermore, it also runs automatic checks and validations between different transactional and reporting systems. In cases of nonrecurring transactions special approval is required. In this regard, the Internal Audit Department performs additional sampling-based checks in the observed period. The Internal Audit Department monitors the compliance of the Accounting Policies Rulebook with the applicable provisions of the Law on Accounting and relevant international accounting standards.

Chart of Authorities

Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

12.3 Legal risks

Montenegrobonus doo initiated two following two claims against the Company. Management remain confident tha there is no merit to both these cases.

- The first claim, 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.

13. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by Hellenic Petroleum S.A., a company incorporated in Greece, which owns 54,35% of the Company's share capital through Hellenic Petroleum International S.A., a company incorporated in Austria. Hellenic Petroleum is the Company's exclusive supplier of oil products. EKO ABEE, a wholly-owned subsidiary of Hellenic Petroleum, 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, 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	119.291
HELPE International Consulting	Group company	Consulting services	210.000	270.000
Asprofos Engineering S.A.	Group company	Maintenance services	-	20.000
Okta Crude Oil Refinery AD	Group company	Consulting and analyzes services	6.177	1.134
Okta Crude Oil Refinery AD	Group company	Purchases of oil products	49.002	
EKO Bulgaria EAD	Group company	Program EKO guarantee	-	-
Total			121.279.528	54.864.283

b) 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.	Parent 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 analyzes services	2.118	-
HELPE International Consulting	Group company	Consulting services	210.000	270.000
Total			1.080.534	889.958

Sales and purchases transactions with related parties are done on arm's length principle.

Statement of the Board of Directors on related parties transactions is presented in the Appendix 1 to this Report.

14. FOCUS ON THE ENVIRONMENT

Jugopetrol AD as the member of the Hellenic Petroleum Group fully applies the proclaimed Group Policy for all kind of protection, safety and accidents prevention. Our company has assured all prerequisites and has adjusted its work processes in order to achieve the overall safety and protection at every level, as well as the environmental protection and quality of life of all citizens.

At the beginning of the COVID-19 pandemic in our country, the Company developed its procedures/action plan to be implemented in case of the coronavirus (COVID-19) occurrence.

The aim of this procedure/action plan is to clearly define the necessary steps to manage all security measures to prevent the occurrence and spread of the novel (COVID-19) coronavirus.

This procedure applies to all employees who work in all departments of the Company, who are directly or indirectly assigned to work in the Company, administrative building, air fuel depots, installations, petrol stations, etc.

In order to achieve the optimal level of organization and monitoring of the COVID-19 crisis actions, as well as for more efficient management of confirmed cases that may occur, Jugopetrol AD has formed a Crisis Coordination Team with the task to implement all necessary measures for normal operation of the Company during the crisis and to report to the Group on relevant data and daily status. Responsibility for the application of this procedure rests with all employees of the Company, partners, contractors, COMO Managers, suppliers and all those who are in any way related to the Company's business.

As a result of good work in the field of preventing the spread of the coronavirus, Jugopetrol AD received "Covid-Shield" certification at the end of 2020. Periodic preventive testing, disinfection of facilities, procurement of the most effective personal protective equipment, updating current procedures and much more, is recognized and merged through a new covid shield certificate obtained at the end of 2021. As in the past year, constant audits made for the purpose of checking the working system will continue into 2022, confirming once again that the Company is one step ahead of others when it comes to protection and security.

Jugopetrol AD not only fully complies with the legislation and standards applied in Montenegro, but follows the processes of designing and adjusting the national regulations with the European standards by using international knowledge and experience applied in Hellenic Petroleum Group, by implementing new technologies and by applying the newest technical solutions.

Organizational and functional structure of the company is adjusted to the needs of preventing, monitoring and eliminating possible causes for the occurrence of any kind of accidents in every business segment.

The continuous and permanent training of the employees has been done according to the specified plan that complies with the Legal regulations. We maintain periodical training and adjustments of our procedures so as to mitigate the unlikely event of personal injury and property damage.

Jugopetrol AD, as a socially responsible company, plans and implements all activities by:

- ensuring that they cause the smallest possible change to the environment, i.e. represent the smallest possible risk for the environment and human health,
- reducing space occupancy and consumption of raw materials and energy during construction, production, distribution and usage,
- including the possibility to recycle, prevent or limit the impact on the environment, at the very source of pollution,
- implementation of all available procedures for assessing the expected impacts and appropriate measures in order to avoid negative consequences for human health and the environment.

Following activities have been done in order to protect the environment and comply with all relevant regulation and procedures:

- Environmental (climate) protection

Use of modern materials on our facilities - insulation made according to standards, bio and oil filters have been installed at Bar installation with the aim to purify wastewater.

- Waste management

Signed contract on waste collection with two companies - Hemosan and Inter Trade, according to legal standards and waste transportation forms. We also deliver all data on waste annually, including the development of a waste management plan every three years, as it is known that our Company produces several different categories of hazardous waste on an annual basis.

- Water management (consumption and pollution reduction)

Atmospheric waters that reach plateaus of our PSs, prior to their discharge into public sewage or natural recipient, pass through a separator according to the new concept of reconstruction project of our PSs. Due to the possibility of spillage of oil and oil derivatives on the plateau, the spilling into a natural recipient is prevented by a special system. Also, the tests carried out on our facilities are in line with the Rulebook on Quality and Sanitary-Technical Conditions for Wastewater Discharge into Public Sewerage or Natural Recipient.

A water permit has been obtained for a period of 10 years. Activities include communication with Water Directorate, as well as field inspection in order to determine that actual design meets water regulations, that oil separators function and are maintained properly, and that there are appropriate procedures for preventing accidental water pollution.

- Energy management (control of gas emission)

We use floating roofs on the tanks in Bar, which reduce emissions of gases. With construction of a new system "Vapour recovery" which will be fully implemented at our PSs and at the installation in Bar, which will reduce emissions of gases. This is the latest technology system that during fuel receipt returns gases to a tank truck by a return hose, instead going into the atmosphere.

- Industrial safety (fire protection)

We use a new fire-fighting system that is more energy efficient, everything is automated and raised to the highest possible level of protection. According to the quantity and chemical characteristics of the material that is stored in Installation Bar (oil products) this facility is included in the first category of fire hazard facility. Therefore, in 1981, a stable fire system was built on the Installation Bar, which was later upgraded to cover the remaining tanks with a stable fire system.

A stable fire system consists of the following:

- main pipelines;
- cooling system;
- shutdown system;
- main pumping station with main water tank,
- second pumping station;
- aggregate station;
- control room;
- fire alarm system.

- Management and monitoring of PP systems

The Control Hall of The Installation Bar is located opposite the management building and very near the entrance of the Installation Bar. Among other systems, the system for monitoring and managing the fire system through the computer, or WinGuard SCADA system, is also located there. Employee can activate any element of the fire system individually at any time, or activate the complete scenario for shutting down a particular object. After activating a specific scenario, the system automatically performs all necessary actions to the fire-affected object(s) (activation of pumps, drainage valves for extinguishing, cooling, etc.).

- Fire alarm system

The fire alarm system consists of fire alarms which are installed throughout the installation facility Bar, and a fire alarm central panel, installed at the entrance of Bar Installation, in the control room of the security officer. In addition to hand-held fire alarms, which are placed in the immediate vicinity of each storage tank, automatic detectors are installed in the substations and pumping stations.

- Audio and video system

The entire Installation Bar facility is covered with a video system with a large number of cameras. The system enables you to save videos for a period of 60 days. The video system is enabled in the main control room of the Bar Installation, as well as in the control room. Several loudspeaker devices, connected with a multichannel microphone, are installed around the object in the control room.

15. CORPORATE SOCIAL RESPONSIBILITY

Jugopetrol AD and the Hellenic Petroleum Group make great efforts to contribute to the development of each country they operate in. Throughout the years they have been persistent into contributing towards the creation of better and healthier communities in different areas, primarily in the fields of education, sports and culture. Companies are especially dedicated to developing educational and sport projects with focus on children and young population, but also to help vulnerable families and individuals. Among many awards and recognitions, Jugopetrol is a winner of Montenegrin Employees Federation for CSR in the category of “care for community” for 2019 and “ISKRA” Philanthropy Awards for contribution at the National Level for 2020, and Awards of the Chamber of Commerce of Montenegro for socially responsible business for 2020.

The biggest projects of Jugopetrol AD for 2021 are described below. However, the company also invested in smaller projects and activities.

- Contribution to improvement of living conditions

Jugopetrol AD traditionally supports the only Orphanage in Montenegro, Mladost, Bijela. Due to the ongoing COVID-19 virus pandemic, children did not have the opportunity to stay in a sports camp in Greece this summer, whose stay since 2014 has been organized and financed by the company. The first part of 2021 donation was in the form of school supplies, travel bags and suitcases for all children. The second part of the donation will be a trip for a group of older children, during the holidays in Montenegro.

In accordance with the measures aimed at combating the COVID-19 virus pandemic, Jugopetrol AD supported the participation of the Embassy of the Hellenic Republic in the traditional diplomatic Charity Bazaar in raising funds to support vulnerable individuals and categories.



- Contribution to healthcare

In cooperation with the World Health Organization and the Primary Health Care in Podgorica Jugopetrol AD supported the project of establishing a call center for COVID patients to improve the availability of quality health care. In this regard, the company donated seven computers and monitors to the Primary Health Care.

In addition, the company continues to distribute gifts to the youngest ones who were staying at the Institute of Children's Diseases in Podgorica during the New Year's holidays.





- Support of culture and sport (sponsorships)

Jugopetrol AD supported the development of sport in the country, through the support of the Montenegrin Olympic Committee and the participation of athletes in Tokyo 2020 Olympic Games, that were postponed due to the pandemic. The Summer Olympic Games were held from July 23 until August 8 and the total of 33 athletes were competing in 7 sports.



- Young generations and education

In 2021 Jugopetrol AD supported younger generation and education system through a cooperation with the Olympic Committee of Montenegro. Namely, before the Olympic Games an art competition in four categories for different ages of primary school students, entitled "Play for your team - Play for your school" was organized. The total of 12 winners and their primary schools were gifted with sports equipment in order to nurture healthy lifestyle habits from an early age.



Yours sincerely,

(Chief Executive Officer)

Vasileios Panagopoulos

(Chief Financial Officer)

Nikola Jovanovic



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APPENDIX 1

JUGOPETROL AD
BOARD OF DIRECTORS
Ref. No. 25370
Podgorica, 27 April 2022

According to Article 133 paragraph 3 of the Companies Law ("Official Gazette of Montenegro" No. 065/20 and 146/21), on 27 April 2022 the Board of Directors makes the following

STATEMENT

We hereby state that no damage is caused to JUGOPETROL AD by legal transactions made during 2021 with the related parties Hellenic Petroleum S.A., EKO ABEE, HELPE International Consulting, Okta Crude Oil Refinery, as presented in the Company's 2021 Annual Business Report, Section 13 thereof.

Panagiotis Loukas
President of the Board of Directors