

JUGOPETROL A.D.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022

## CONTENTS

General Information	1
Independent Auditor's report	2-7
Balance Sheet	8-10
Income Statement	11-12
Cash Flow Statement	13
Statement of Changes in Equity	14
Notes to Financial Statements	15-42

## GENERAL INFORMATION

### Board of Directors

From 01/01/2022- 18/10/2022

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

From 19/10/2022 - 31/12/2022

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

### Company headquarters

Stanka Dragojevića bb  
81000 Podgorica  
Montenegro

### Banks

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

### Audit Company

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

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of Jugopetrol AD Podgorica (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and the accounting regulations of Montenegro.

### Basis for opinion

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

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

### Key audit matters

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

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

### Contingent liability for legal dispute with Montenegro Bonus doo Cetinje

As described in Note 33 Commitments and contingencies to the financial statements, as at 31 December 2022 the Company disclosed contingent liability resulting from the uncertainties related to the outcome of the lawsuits filed by Montenegro Bonus doo Cetinje.

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

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

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

## Key audit matters (continued)

### Revenue recognition

The Company recognized revenue for the year ended 31 December 2022 amounting to EUR 313,396,243 as disclosed in the Note 23 Sales revenue – net income to the financial statements. Significant management judgement is required in order to determine the transaction price for the performance obligation including any element of variable consideration (discounts, rebates and other form of customer incentives). Given the different contractual arrangements with customers and the judgement to be exercised in evaluating the expected discounts, revenue recognition of customer bonuses and rebates represents a key audit matter.

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

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

*Other information included in the Company's Annual Management Report*

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

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Law on Accounting and the accounting regulations of Montenegro, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Standards on Auditing applicable in Montenegro, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

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

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

**Podgorica, 26 April 2023**



Danijela Mirković  
Authorized auditor



DRUŠTVO ZA REVIZIJU  
ERNST & YOUNG  
MONTENEGRO  
DOO  
PODGORICA

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

**BALANCE SHEET/ASSETS**  
AS AT 31/12/2022

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2022	2021
1	2	3	4	5	6
	<b>ASSETS</b>				
00	<b>A. UNPAID REGISTERED CAPITAL</b>	001			
	<b>B. FIXED ASSETS (003+008+016)</b>	002		<b>53,260,186</b>	<b>54,518,877</b>
01	I INTANGIBLE ASSETS (004 to 007)	003	5	6,266,663	6,291,283
010	1. Investments in development	004			
011 and 014	2. Concessions, patents, licenses and similar rights and other intangible assets	005		5,413,821	5,344,312
012	3. Goodwill	006		848,942	848,942
016 and 015	4. Advances for intangible assets and intangible assets in preparation	007		3,900	98,029
	II. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (009+010+011+015)	008	6	45,590,502	46,613,931
020 and 022	1. Land and buildings	009		37,678,768	37,615,706
023	2. Plant and Equipment	010		5,545,542	5,984,334
	3. Other installed equipment, tools and equipment (012+013+014)	011		1,733,506	1,738,447
024	3.1. Investment properties	012		1,733,506	1,738,447
021 and 025	3.2. Biological Assets	013			
026 and 029	3.3. Other unspecified material fixed assets	014			
028 and 027	4. Advances in property, plant, equipment and biological assets and property, plant, equipment and biological assets in preparation	015		632,686	1,275,444
	III LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (017 through 023)	016	7	1,403,021	1,613,663
030, 039(part)	1. Shares in subsidiaries	017	7a	2,349	2,349
033(part) 039(part)	2. Long-term loans to parent and subsidiary legal entities	018			
031(part) 032(part) 039(part)	3. Participation in equity with legal entities (excluding subsidiaries)	019	7b	78,466	78,508
033(part) 039(part)	4. Long-term loans to legal entities with equity participation (excluding subsidiaries)	020			
031(part) 032(part)	5. Equity Capital, which are measured at equity	021			
032(part) 034, 035, 036, 039(part)	6. Long-term financial investments (loans and securities given)	022			
038, 039(part)	7. Other long-term investments and receivables	023	7c	1,322,206	1,532,806
288	<b>C. DEFERRED TAX ASSETS</b>	024			
	<b>D. CURRENT ASSETS (026+031+039+043+044)</b>	025		<b>66,018,455</b>	<b>56,994,825</b>
	I. INVENTORIES (027 to 030)	026	8	32,151,649	17,044,301
10	1. Inventory of materials (fabrication material, spare parts, small inventory and car tires)	027		103,267	106,756
11	2. Work in progress	028			
12 and 13	3. Finished products and goods	029		29,125,798	16,633,688
15	4. Advances given	030		2,922,584	303,857
	II. SHORT-TERM RECEIVABLES (032 to 035)	031	9	20,886,806	16,772,477
202, 203, 209(part)	1. Receivables from buyers	032	9a	10,732,367	10,814,482
200, 209(part)	2. Receivables from parent companies and subsidiaries	033			

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Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2022	2021
201, 209(part)	3. Receivables from other related parties	034			
	4. Other receivables (036+037+038)	035	9b	10,154,438	5,957,995
223	4.1. Prepaid corporate income tax	036			
27	4.2. Receivables on Value Added Tax	037	13	8,324,134	5,472,076
21, 22, except 223	4.3. Other unmentioned receivables	038		1,830,304	485,919
	III. SHORT-TERM FINANCIAL INVESTMENTS (040 to 042)	039	10	147,142	163,648
236(part)	1. Share in equity of subsidiaries intended for trading	040			
237	2. Redeemed own shares	041			
23 except 236(part), except 237	3. Other short-term financial investments	042		147,142	163,648
24	IV. CASH ON ACCOUNTS AND IN HAND	043	11	12,832,858	23,014,399
04	V. FIXED ASSETS FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	044	6		
28 except 288	<b>E. ACCRUALS</b>	045	12	<b>87,387</b>	<b>248,521</b>
	<b>F. TOTAL ASSETS (001+002+024+025+045)</b>	046		<b>119,366,028</b>	<b>111,762,224</b>
	<b>LIABILITIES</b>				
	<b>A. CAPITAL (102+103+104+105+111+116)</b>	101	14	<b>101,655,675</b>	<b>94,118,133</b>
30	I. BASIC CAPITAL	102	14.1	67,986,605	67,986,605
31	II. UNPAID SUBSCRIBED CAPITAL	103			
320	III. EMISSION PREMIUM	104			
	IV. RESERVES (106+107+108+109-110)	105		8,490,139	8,406,081
321	1. Legal reserves	106			
322(part)	2. Statutory reserves	107	14.2	2,469,979	2,469,979
322(part)	3. Other reserves	108	14.2	6,080,719	6,080,719
330 and cb 331, 332, 333, 334, 335, 336	4. Positive revaluation reserves and unrealized gains on financial assets and other components of other comprehensive result	109		247,108	163,009
db 331, 332, 333, 334, 335, 336	5. Negative revaluation reserves and unrealized losses on financial assets and other components of other comprehensive result	110		(307,667)	(307,626)
	V. RETAINED EARNINGS OR LOSS (112+113-114-115)	111		25,178,931	17,725,447
340	1. Retained earnings from previous years	112		13,211,096	12,197,697
341	2. Retained earnings for the current year	113		11,967,835	5,527,750
350	3. Loss of previous years	114			
351	4. Loss of current year	115			
	VI. NON-CONTROLLING INTEREST	116			
	<b>B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES (118+122)</b>	117		<b>1,722,361</b>	<b>1,834,436</b>
	I. LONG-TERM PROVISIONS (119 to 121)	118	15	275,262	373,255
404(part)	1. Provisions for employee benefits and other benefits	119		275,262	373,255
400(part)	2. Provisions for expenses in the warranty period	120			
40, except 400 and 404	3. Other long-term provisions	121			
41	II. LONG - TERM LIABILITIES (123+124)	122		1,447,099	1,461,181
414, 415	1. Long-term loans	123			
41 except 414, 415	2. Other long-term liabilities	124		1,447,099	1,461,181
498	<b>C. DEFERRED TAX LIABILITIES</b>	125	16	<b>72,799</b>	<b>88,158</b>
495(part)	<b>D. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS</b>	126			
	<b>E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (128+129)</b>	127		<b>15,139,469</b>	<b>14,623,773</b>

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2022	2021
467	I SHORT-TERM PROVISIONS	128			
	II SHORT-TERM LIABILITIES (130 to 137)	129		15,139,469	14,623,773
422(part) 423(part) 424(part) 425(part) 426 and 429(part)	1. Liabilities arising from loans and borrowings from persons other than credit institutions	130			
422(part) 423(part) 424(part) 425(part) 429(part)	2. Loan liabilities from credit institutions	131			
430	3. Prepayments, deposits and bails	132	18	1,935,385	1,475,893
433, 434, 440-449	4. Liabilities to suppliers	133	19	2,942,841	2,587,470
439(part)	5. Liabilities on bills of exchange	134			
420 and 431	6. Liabilities to the parent and subsidiaries entities	135	32c		1,080,534
421 and 432	7. Liabilities to other related parties	136		706	
	8. Other operating liabilities and other short-term liabilities (138 to 142)	137		10,260,537	9,479,875
439(part)	8.1. Other operating liabilities	138	17	174,278	151,439
45 and 46	8.2. Other short-term liabilities	139	20	698,888	607,461
47,48 except 481	8.3. Liabilities for Value Added Tax and other public revenues	140	21	7,320,212	8,158,987
481	8.4. Liabilities for corporate income taxes	141		2,067,159	561,989
427	8.5. Liabilities arising from assets held for sale and business that has been discontinued	142			
490, 491, 494, 495(part), 496,497, 499	F. ACCRUALS	143	22	775,724	1,097,723
	G. TOTAL LIABILITIES (101+117+125+126+127+143)	144		119,366,028	111,762,224

Form in accordance with the Article 5 of Law on Accounting ("Official Gazette of Montenegro no.152/22) and with the Directive 2013/34/EU of the European Parliament and Council.


In Podgorica,

Person responsible for preparation  
of the financial statement

Legal representative

Date 31/03/2023

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**INCOME STATEMENT**  
OR THE PERIOD FROM 01/01/2022 TO 31/12/2022

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2022	2021
1	2	3	4	5	6
60 and 61	<b>1. Sales revenue - net income</b>	201	23	<b>313,396,243</b>	<b>149,889,262</b>
630, 631	<b>2. Change in value of finished goods inventories and work in progress</b>	202			
62	<b>3. Revenue from the effects and goods activation</b>	203			
	<b>4. Other operating income (205 to 207)</b>	204	24	<b>1,395,865</b>	<b>971,464</b>
64, 65	a) Other operating income	205		221,112	183,578
67,691,692	b) Other operating income	206		1,174,753	787,886
68, except 683, 685	c) Income from value adjustments of assets	207			
	<b>5. Operating expenses (209+210+210a)</b>	208	25	<b>296,769,136</b>	<b>140,749,719</b>
50, 51	a) Cost of goods sold and the cost of materials	209		281,474,025	127,652,881
53, 54 (part), 55	b) Other operating expenses (provisions and other operating expenses)	210		11,695,777	9,600,083
540	Depreciation and amortization	210a		3,599,334	3,496,755
	<b>6. Wages expenses, wage compensation and other personal expenses (212+213)</b>	211	26	<b>2,809,327</b>	<b>3,015,785</b>
52 (part)	a) Net wage costs, wage compensation and personal expenses	212		2,032,301	1,997,820
	b) Tax and contribution costs (214 to 216)	213		777,026	1,017,965
52(part)	1/ Tax costs	214		247,095	225,260
52(part)	2/ Pension contribution costs	215		456,525	456,272
52(part)	3/ Contribution costs	216		73,406	336,433
	<b>7. Expenses on value adjustments of assets (other than financial) (218+219)</b>	217		<b>17,276</b>	<b>65,979</b>
580,581,582, 589(part)	a) Expenses on value adjustments of fixed assets (excluding financial assets)	218			
584,589(part)	b) Expenses on value adjustments of current assets (excluding financial assets)	219		17,276	65,979
57, 591, 592	<b>8. Other operating expenses</b>	220	27	<b>1,250,592</b>	<b>1,013,129</b>
	<b>I. Operating Result (201+202+203+204-208-211-217-220)</b>	221		<b>13,945,777</b>	<b>6,016,116</b>
	<b>9. Income from share in equity (223 to 225)</b>	222			
660(part)	a) Income from share in equity of subsidiaries	223			
661(part)	b) Income from share in equity of other related parties	224			
669(part)	c) Income from share in equity of unrelated legal entities	225			
	<b>10. Income from other financial investments and loans (interest rates, foreign exchange differences and effects of contractual hedging) (227 to 229)</b>	226			
660(part)	a) Income from other financial investments and loans from parent and subsidiaries	227			
661(part)	b) Income from other financial investments and loans from other related legal entities	228			
662(part) 663(part) 664(part) 669(part)	c) Income from other financial investments and loans from unrelated legal entities	229			
	<b>11. Other income from interest, exchange rate differences and other contractual hedging effects (231 to 233)</b>	230	28	<b>151,538</b>	<b>117,932</b>
660(part)	a) Financial income from current receivables from parent and subsidiaries	231			
661(part)	b) Financial income from current receivables from other related legal entities	232			
662(part) 663(part) 664(part) 669(part)	c) Financial income from current receivables from unrelated legal entities	233		151,538	117,932
	<b>12. Value adjustment of short-term financial assets and financial investments that are part of current assets (235-236)</b>	234	27	<b>(961)</b>	

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Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2022	2021
683, 685	a) Income from the value adjustment of short-term financial assets and financial investments that are part of current assets	235			
583, 585	b) Costs from the value adjustment of short-term financial assets and financial investments that are part of current assets	236		961	
	<b>13. Interest expenses, foreign exchange differences and other contractual protection effects (238 to 240)</b>	237	29	<b>68,359</b>	<b>35,775</b>
560	a) Interest expenses, foreign exchange differences and other effects of contractual protection based on relations with the parent and subsidiaries	238			
561	b) Interest expense, foreign exchange differences and other contractual hedging effects of relationships with other related parties	239		68,359	35,775
562, 563, 564, 569	c) Interest expenses, foreign exchange differences and other effects of contractual protection on relationships with unrelated parties	240			
	<b>II. Financial Result (222+226+230+234-237)</b>	241		<b>82,218</b>	<b>82,157</b>
	<b>III. Operating result before taxation (221+241)</b>	242		<b>14,027,995</b>	<b>6,098,272</b>
690 - 590	<b>IV. Net Result of operations which is suspended</b>	243			
	<b>V. Result before taxation (242+243)</b>	244		<b>14,027,995</b>	<b>6,098,272</b>
	<b>14. Tax expense of the period (246+247)</b>	245	30	<b>2,060,160</b>	<b>570,522</b>
721	1. Current corporate income tax	246		2,067,159	567,331
722	2. Deferred tax expenses or income for the period	247		(6,999)	3,191
	<b>15. Profit or loss after tax (244-245)</b>	248		<b>11,967,835</b>	<b>5,527,750</b>
	VI. Gross Result of other Result items/related to capital/ (250 to 257)	249		84,057	31,568
330	1. Changes in revaluation reserves on property, plant and equipment, intangible assets and biological assets	250		8,318	(734)
331	2. Changes in unrealized gains and losses on translation of foreign financial statements	251			
332	3. Changes in unrealized gains and losses on equity investments	252			
333	4. Changes in actuarial gains and losses on defined benefit plans (or losses) in connection with defined benefit plans	253		75,739	32,302
334	5. Changes in participation in other comprehensive affiliate result	254			
335	6. Changes in unrealized gains and losses on instruments for hedging net investment in foreign operations	255			
336	7. Changes in revaluation reserves based on cash flow hedges	256			
337	8. Other changes in unrealized gains and losses	257			
	<b>VII. Deferred tax expenses or income of the period in connection with other items of Result / related to equity /</b>	258			
	<b>VIII. Net Result of other Result items / related to capital / (249-258)</b>	259		<b>84,057</b>	<b>31,568</b>
	<b>IX. Net Comprehensive Result (248+259)</b>	260		<b>12,051,892</b>	<b>5,559,318</b>
	<b>X. Earnings per share</b>	261			
	1. Basic earnings per share	262	31	2.59	1.19
	2. Reduced (diluted) earnings per share	263			
	<b>XI. Net Result belonging to the owners of the parent legal entity</b>	264			
	<b>XII. Net Result belonging to non-controlling participations</b>	265			

Form in accordance with the Article 5 of Law on Accounting ("Official Gazette of Montenegro no.152/22) and with the Directive 2013/34/EU of the European Parliament and Council.

In Podgorica,

Person responsible for preparation  
of the financial statement

Legal representative

Date 31/03/2023



This version of our report/the accompanying documents is a translation from the original, which was prepared in Montenegrin. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**CASH FLOW STATEMENT**  
FOR THE PERIOD FROM 01/01/2022 to 31/12/2022

POSITION	No.	Amount	
		2022	2021
1	2	3	4
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Result before taxation	301	14,027,995	6,098,272
2. Depreciation and amortization	302	3,599,334	3,496,755
3. Change in inventories	303	(15,107,348)	(7,213,411)
4. Change of accounts receivable	304	(1,262,271)	(1,194,154)
5. Change of liabilities to suppliers	305	(264,965)	951,401
6. Change of reservation	306	(97,993)	(41,360)
7. Interest paid	307		
8. Corporate Income Tax	308	(528,269)	(246,778)
9. Payments for other public revenues	309		
10. Changes in deferred taxes and other non-cash items that affect the cash flow from operating activities	310	(2,775,889)	(728,573)
I. Net cash flow from operating activities (1 to 10)	311	(2,409,406)	1,122,152
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
I. Cash inflows from investing activities (1 to 5)	312	150,259	752,785
1. Sale of shares and units	313		
2. Sale of intangible assets, properties, plant, equipment and biological assets	314	122,401	721,454
3. Other financial placements	315		
4. Interest received from investing activities	316	27,858	31,330
5. Dividends received	317		
II. Cash outflows from investing activities (1 to 3)	318	3,163,906	4,179,666
1. Buying stocks and shares	319		
2. Purchase of intangible assets, properties, plant, equipment and biological assets	320	3,163,906	4,179,666
3. Other financial placements	321		
III. Net cash flow from investing activities (I-II)	322	(3,013,647)	(3,426,881)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
I. Cash inflows from financing activities (1 to 3)	323	227,106	197,218
1. Increase of basic capital	324		
2. Long-term and short-term loans	325	227,106	197,218
3. Other long-term and short-term liabilities	326		
II. Cash outflows from financing activities (1 to 4)	327	4,966,710	3,562,201
1. Acquisition of own shares and shares	328		
2. Long-term and short-term loans and other liabilities	329		82,134
3. Financial leasing	330	452,359	222,287
4. Dividends paid	331	4,514,351	3,257,780
III. Net cash flow from financing activities (I-II)	332	(4,739,604)	(3,364,983)
<b>D. NET CASH FLOW (311+322+332)</b>	333	<b>(10,162,657)</b>	<b>(5,669,711)</b>
<b>E. CASH AT THE BEGINNING OF THE REPORTING PERIOD</b>	334	<b>23,014,399</b>	<b>28,684,867</b>
<b>F. FOREIGN EXCHANGE RATE GAINS ON CASH TRANSFER</b>	335	<b>29,779</b>	<b>13,329</b>
<b>G. FOREIGN EXCHANGE RATE LOSS ON CASH TRANSFER</b>	336	<b>48,663</b>	<b>14,086</b>
<b>H. CASH AT THE END OF THE REPORTING PERIOD (333+334+335-336)</b>	337	<b>12,832,858</b>	<b>23,014,399</b>

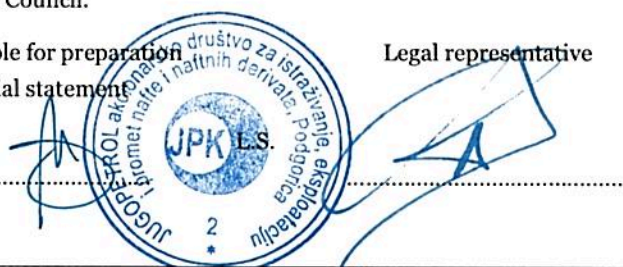
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**STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD FROM 01/01/2022 TO 31/12/2022

Items	Description	Nr	Share capital (Group 30 less 309)		Other capital (Acc 309)		Unpaid subscribed capital (Group 31)		Share premium (Acc 320)		Reserves (Acc. 321, 322)		Revaluation reserves (Acc 33)		Retained earnings (Group 34)		Loss (Group 35)		Treasury shares and stakes (Acc. 237)		Total (col. 2+3+4+5+6+7+8-9-10)
			Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr	Nr			
		1	2	3	4	5	6	7	8	9	10	11									
1.	Balance as at 01/01/2021	401	67,986,605	410		419		428		437	8,550,698	446	(176,185)	455	15,455,477	464		473		482	91,816,595
2.	Adjustments of material errors and changes in accounting policies in previous year	402		411		420		429		438		447		456		465		474		483	
3.	Adjusted opening balance as at 01/01/2021 (no. 1+2)	403	67,986,605	412		421		430		439	8,550,698	448	(176,185)	457	15,455,477	466		475		484	91,816,595
4.	Net changes in 2021	404		413		422		431		440		449	31,568	458	2,269,970	467		476		485	2,301,538
5.	Balance as at 31/12/2021 (no. 3+4)	405	67,986,605	414		423		432		441	8,550,698	450	(144,617)	459	17,725,447	468		477		486	94,118,133
6.	Adjustments of material errors and changes in accounting policies in previous year	406		415		424		433		442		451		460		469		478		487	
7.	Adjusted opening balance as at 01/01/2022 (no. 5+6)	407	67,986,605	416		425		434		443	8,550,698	452	(144,617)	461	17,725,447	470		479		488	94,118,133
8.	Net changes in 2022	408		417		426		435		444		453	84,058	462	7,453,484	471		480		489	7,537,542
9.	Balance as at 31/12/2022 (no. 7+8)	409	67,986,605	418		427		436		445	8,550,698	454	(60,559)	463	25,178,931	472		481		490	101,655,675

Form in accordance with the Article 5 of Law on Accounting ("Official Gazette of Montenegro no.152/22) and with the Directive 2013/34/EU of the European Parliament and Council.

In Podgorica,

Person responsible for preparation of the financial statement      Legal representative

Date 31/03/2023




## 1. Corporate information

Jugopetrol A.D. (hereinafter also referred to as "the Company") was established in 1947 as a state-owned company based on the decision of the Government of the Socialist Federal Republic of Yugoslavia. On January 1, 1996, following the Company's ownership transformation, the Company was re-registered as a shareholding company under the name of Jugopetrol A.D. Kotor. In October 2002, Hellenic Petroleum International S.A. acquired 54.35% of the Company's share capital from the Government and certain government agencies of Montenegro. The registered Company's address up to December 10, 2014 was Trg Mata Petrovica number 2, Kotor. Due to business reasons, the Company decided to change its headquarters and from December 10, 2014 the Company's registered address is Stanka Dragojevic bb, Podgorica.

The Company is the main supplier of oil products in Montenegro. Its main activities include wholesale of oil products through the operation of storage facilities in Bar and two airport fuelling depots in Tivat and Podgorica, as well as retail and distribution of oil products through the operation of 45 petrol stations, 2 internal petrol station at AS Tivat and Podgorica and 3 yachting petrol stations.

The average number of employees during the reporting period was 95 (2021: 99 employees). Below is an overview of the number of employees based on month-end data.

	2022	2021
January	94	99
February	93	99
March	93	99
April	95	100
May	95	102
June	95	101
July	95	100
August	97	101
September	97	99
October	97	98
November	94	98
December	94	94
Average number of employees	95	99

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

## 2. Summary of significant accounting policies

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

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Law on accounting ("Official Gazette of Montenegro", no. 145/21 and no. 152/22) and the Decision on the application of International Accounting Standards ("IAS") in Montenegro ("Off. Gazette of Montenegro", no. 69/2002) and accounting regulation effective in Montenegro.

The Company has prepared these financial statements in accordance with the Rules on the content and form of financial statements ("Official Gazette of Montenegro", no. 11/20, 139/21, 13/22 and 139/22) issued by the Institute of Certified Accountants of Montenegro on the basis of Article 1 of the Regulation amending the Regulation on the assignment of affairs of state administration in charge of accounting and auditing ("Official Gazette of Montenegro", no. 44/07 and "Official Gazette of Montenegro", no. 33/10).

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

## 2. Summary of significant accounting policies (continued)

## 2.1. Basis of preparation (continued)

a) *Amendments to IFRS which are entering into force and which applications are mandatory in 2022*

The accounting policies adopted are consistent with those of the previous financial year except for the following changes IFRS which have been adopted as of 1 January 2022:

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

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

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

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

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

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

The Amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

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

## 2. Summary of significant accounting policies (continued)

## 2.1. Basis of preparation (continued)

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.

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

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

## 2. Summary of significant accounting policies (continued)

### 2.1. Basis of preparation (continued)

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

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the adoption of these amendments will have no material impact on the Company's financial statements.

### 2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations in foreseeable future.

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

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

The Company believes that above mentioned events cannot jeopardize the going concern principle.

### 2.3 Segment reporting

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

### 2.4 Foreign currency translation

#### a) *Functional and presentation currency*

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

#### b) *Transactions and balances*

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

### 2.5 Intangible assets

#### a) *Licenses*

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

#### b) *Computer software*

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products

## 2. Summary of significant accounting policies (continued)

### 2.5 Intangible assets (continued)

controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

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

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

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

#### c) *Right of use of land*

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

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

### 2.6 Property, plant, and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The book value of the replaced asset shall be written off. All other repairs and maintenance are charged to the income statement under operating expenses during the financial period in which they are incurred.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

### 2.7 Impairment of non-financial assets

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

### 2.8 Financial assets

#### 2.8.1 Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

## 2. Summary of significant accounting policies (continued)

### 2.8.1 Initial recognition and measurement (continued)

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

#### *Subsequent measurement*

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

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

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

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

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

#### *(b) Financial assets at amortised cost*

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

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

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

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

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

The Company elected to classify irrevocably its listed equity investments under this category.

## 2. Summary of significant accounting policies (continued)

### 2.8.2 Derecognition and impairment

#### *Derecognition*

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

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

#### *Impairment*

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

### 2.9 Inventories

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

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

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

Inventories include advances to the suppliers for goods.

### 2.10 Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

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

### 2.11 Cash and cash equivalents

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

## 2. Summary of significant accounting policies (continued)

### 2.12 Basic capital

#### a) *Share Capital*

Ordinary shares are classified as equity.

#### b) *Reserves*

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

#### c) *Revaluation reserves*

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

### 2.13 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### 2.14 Trade payables

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

### 2.15 Employee benefits

#### a) *Pension obligations*

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

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

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that exceed 10% of the value of the asset plan or 10% of defined liabilities in terms of remuneration are charged or credited to the income statement during the expected average period of employees remaining in service (Note 15).

#### b) *Termination benefits*

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



## 2. Summary of significant accounting policies (continued)

### 2.16 Current and deferred income tax

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

Income taxes currently due are calculated and paid in accordance with the Montenegrin Tax Law ("Official Gazette of Montenegro", 65/01, 12/02, 80/04, 40/08, 86/09, 40/11, 14/12, 61/13, 55/16, 146/21 and 152/22), by applying the progressive tax rate. The calculated income tax is paid no later than three months after the expiration of the period for which tax is being assessed as determined by the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it, on condition that it has not previously been accounted for, arises from an initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

### 2.17 Revenue recognition

#### Revenue from contracts with customers

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics. The Company assesses whether it acts as a principal or agent in each of its revenue arrangements. The Company has concluded that in all sales transactions it acts as a principal.

Revenue is recognised as follows:

#### Sales of goods – wholesale & retail

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

#### Provision of services

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

#### Variable consideration

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

## 2. Summary of significant accounting policies (continued)

### 2.17 Revenue recognition (continued)

#### Volume discounts

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

#### Interest income

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

### 2.18 Leases

#### Transition to IFRS 16

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

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

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

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

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

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

### 2.19 Distribution of dividends

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

### 2.20 Non-current assets held for sale and discontinued operations

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

## 2. Summary of significant accounting policies (continued)

### 2.20 Non-current assets held for sale and discontinued operations (continued)

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

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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

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

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

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

### 2.21 Investment property

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

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

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

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

## 3. Financial risk management

### 3.1 Financial risk factors

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

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

#### a) *Market risk*

##### i. *Foreign exchange risk*

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

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

ii. *Price risk*

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

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

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

b) *Credit risk*

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

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

c) *Liquidity risk*

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

3.2 Capital risk management

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. In 2022 the Company did not use any borrowings from the banks. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

3.3. Fair value estimation

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

4. Critical accounting estimates and judgments

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

4.1 Critical accounting estimates and assumptions

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

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

a) *Useful lives of property, plant and equipment*

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

4. Critical accounting estimates and judgments (continued)

4.1 Critical accounting estimates and assumptions (continued)

*b) Employee benefit schemes*

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

The Company determines the appropriate discount rate at the end of each year. This is the difference between market interest rate applicable for that year and contracted interest rate and is used to determine the present value of estimated future cash outflows expected to be required to settle the obligations for other employee benefits. Management takes into consideration interest rate for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

*c) Tax legislation*

*Value added tax*

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

*d) Litigations*

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

4.2 Critical accounting judgments

*a) Impairment of fixed assets*

The Company tests fixed assets for impairment if there are any impairment indicators. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which are determined based on a historical data corrected for the projected changes in the market conditions.

*b) Impairment of available - for sale financial assets*

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

*c) Deterioration of the economy*

Debtors (or borrowers) of the Company can be in situation of decrease in liquidity which can affect their ability to repay borrowed amounts. Deteriorating operating conditions for debtors (or borrowers) of the Company may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

## 5. Intangible assets

	Software and licences	Right of use of land	Goodwill	Construction in progress	Total
Year ended 31 December 2021					
Opening net book amount	494,576	4,852,604	848,942	22,170	6,218,292
Additions				151,452	151,452
Transfer from CIP	75,593			(75,593)	
Transfer from CIP tangibles	4,026				4,026
Disposals					
Amortization charge	(82,487)				(82,487)
Closing net book amount	491,708	4,852,604	848,942	98,029	6,291,283
Year ended 31 December 2021					
Cost	1,681,324	4,852,604	848,942	98,029	7,480,899
Accumulated amortization	(1,189,616)				(1,189,616)
Net book amount	491,708	4,852,604	848,942	98,029	6,291,283
Year ended 31 December 2022					
Opening net book amount	491,708	4,852,604	848,942	98,029	6,291,283
Additions				5,183	5,183
Transfer from CIP	99,312			(99,312)	
Transfer from CIP tangibles	55,264				55,264
Amortization charge	(85,067)				(85,067)
Closing net book amount	561,217	4,852,604	848,942	3,900	6,266,663
Year ended 31 December 2022					
Cost	1,835,900	4,852,604	848,942	3,900	7,541,346
Accumulated amortization	(1,274,683)				(1,274,683)
Net book amount	561,217	4,852,604	848,942	3,900	6,266,663

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

Notwithstanding the above, the Company in 1999 entered into a lease agreement with the public company "Morsko Dobro" (Maritime Domain Authority) for the aforementioned land lots. This contract was extended until 2027 by the annex signed in 2002. For the lease of land, the Company pays a monthly fee of EUR 6,133. Until 31/12/2018, the lease paid to "Morsko Dobro" was accounted for as an expense. From 1/1/2019, the lease agreement is accounted for under the provisions of IFRS 16.

Goodwill represents the intangible assets consisting of cash surplus value which is transmitted through the participation i.e., Company's share in the net fair value of identifiable assets (land, building, tanks, etc.) at petrol station Podgorica 10 purchased from the company Dak petrol in 2016. It consists of established network, regular customers, etc.

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

The balance of position "Transfer from CIP tangibles" (EUR 55,264) is in correlation with the balance on the same position in the table of Property, plant, equipment and biological assets (EUR -55,264 note 6). When placing the asset into use its right and concessions part has been transferred from tangible assets to intangibles.

## 6. Property, plant, equipment and biological assets

	Land	Land held for sale	Buildings	Buildings held for sale	RoU and effect under IFRS 16	Machinery and equipment	Investment property	Construction in progress (CIP)	Total
Year ended 31 December 2021									
Opening net book amount	13,986,144		18,870,275		894,860	5,911,213	1,743,387	3,760,339	45,166,219
Additions					1,056,031			4,028,214	5,084,245
Transfer from CIP			5,130,342			1,378,740		(6,509,082)	
Transfer from CIP to intangibles								(4,026)	(4,026)
Disposals			(187,341)			(30,898)			(218,239)
Transfer between the group									
Depreciation charge			(1,823,241)		(311,364)	(1,274,722)	(4,941)		(3,414,268)
Net book amount	13,986,144		21,990,035		1,639,527	5,984,334	1,738,447	1,275,444	46,613,931
Year ended 31 December 2021									
Cost	13,986,144		57,347,664		1,639,527	25,748,283	1,827,125	1,275,444	101,824,188
Accumulated depreciation			(35,357,629)			(19,763,949)	(88,678)		(55,210,257)
Net book amount	13,986,144		21,990,035		1,639,527	5,984,334	1,738,447	1,275,444	46,613,931
Year ended 31 December 2022									
Opening net book amount	13,986,144		21,990,035		1,639,527	5,984,334	1,738,447	1,275,444	46,613,931
Additions					693,124			1,885,631	2,578,755
Transfer from CIP			1,607,949			864,584		(2,472,533)	
Transfer from CIP to intangibles								(55,264)	(55,264)
Disposals	(4,608)		(18,328)			(9,125)		(593)	(32,654)
Impairment									
Depreciation charge			(1,912,449)		(302,626)	(1,294,251)	(4,941)		(3,514,267)
Net book amount	13,981,536		21,667,207		2,030,025	5,545,542	1,733,506	632,686	45,590,502
Year ended 31 December 2022									
Cost	13,981,536		58,490,445		2,030,025	26,065,113	1,827,125	632,686	103,026,930
Accumulated depreciation			(36,823,238)			(20,519,570)	(93,619)		(57,436,428)
Net book amount	13,981,536		21,667,207		2,030,025	5,545,542	1,733,506	632,686	45,590,502

Depreciation and amortization expense from notes 5 and 6 is EUR 3,296,707 (2021: EUR 3,185,391), excluding depreciation expense related with the Right of Use Property under IFRS 16.

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

	Right of use				Lease liabilities
	Land	Cars	Other property	Total	
Balance as of 1 January 2022	1,356,596	53,940	228,990	1,639,527	1,612,621
Additions		168,428	524,696	693,124	200,447
Depreciation expense	(121,395)	(53,080)	(128,151)	(302,626)	
Interest expense					19,485
Payments					(211,175)
Balance as of 31 December 2022	1,235,201	169,288	625,535	2,030,025	1,621,378

	2022	2021
Depreciation expense of right-of-use assets	302,626	311,364
Interest expense on lease liabilities	19,485	21,102
Rent expenses short term leases	524,072	346,699
Total amounts recognised in profit and loss	846,184	679,165

Depreciation expense under IFRS 16 is EUR 302,626 (2021: EUR 311,364).

## 7. Long term financial investments and long-term receivables

## a) Investment in subsidiary and joint venture

	31 December 2022	31 December 2021
Investment in subsidiary and joint venture	2,349	2,349
Total	2,349	2,349

Investment in joint ventures mainly relates to 49% of stake owned in Starmonte Ltd. Kotor, the company for exploration and distribution of oil or/and gas, founded in Kotor on 3 February 2000. During 2022 Starmonte's activities were limited to administrative operations. No other business operations were recorded in 2022.

## b) Available for sale financial assets

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

	2022	2021
Balance as of 1 January	78,508	79,315
Fair value adjustment	(42)	(807)
Balance as of 31 December	78,466	78,508

Available for sale financial assets are listed on Montenegroberza and valued at the market price of share as of 31 December 2022.

## c) Other long-term investments and receivables

Other long-term investments include:

	31 December 2022	31 December 2021
Prepaid employee benefits	168,211	212,629
Housing loans to employees	1,153,995	1,320,177
Housing loans, total	1,322,206	1,532,806



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

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

	2022	2021
As at 1 January	1,532,806	1,647,433
New loans granted		82,134
Repayments	(227,106)	(197,218)
Loans directly written off		
Transferred from short-term part of housing loans	16,506	457
As at 31 December	1,322,206	1,532,806

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

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

	31 December 2022	31 December 2021
More than 1 year	1,322,206	1,532,806
Up to 1 year (note 10)	147,142	163,648
Total	1,469,348	1,696,454

## 8. Inventories

	31 December 2022	31 December 2021
Goods for resale - wholesale	16,794,783	11,054,371
Goods for resale - retail	7,380,074	5,579,317
Spare parts	103,267	106,756
Advances to suppliers	2,922,584	303,857
Goods in transit	4,950,941	
Inventories, total	32,151,649	17,044,301

## 9. Receivables

## a) Trade receivables

	31 December 2022	31 December 2021
Domestic trade receivables	11,129,614	11,317,615
Foreign trade receivables	108,709	49,114
Trade receivables, total	11,238,323	11,366,729

Trade receivables	11,238,323	11,366,729
Less: provision for impairment of domestic trade receivables	(505,955)	(552,247)
Less: Provision for impairment foreign trade receivables		
Trade receivables - net	10,732,368	10,814,482

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

	2022	2021
As at 1 January	552,247	937,051
Provision for receivables impairment (note 27)	961	
Written off as uncollectable	(45,364)	(384,604)
Reversal of provision (note 24)	(1,889)	(200)
As at 31 December	505,955	552,247

Provision for impaired receivables is included within other expenses, and reversal of provision is included in other income (notes 27 and 24).

## 9. Receivables (continued)

*a) Trade receivables (continued)*

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. All receivables are denominated in EUR as at 31 December 2022 and 2021.

## Credit quality of receivables

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

	31 December 2022	31 December 2021
Trade receivables		
Group 1	5,682,461	4,247,733
Group 2	5,049,907	6,566,749
Total	10,732,368	10,814,482

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

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

Ageing of trade receivables is as follows:

	31 December 2022	31 December 2021
Trade receivables		
Up to 3 months	10,532,458	10,798,444
3 to 6 months	79,860	25,215
More than 6 months	626,005	543,070
Total	11,238,323	11,366,729

Structure of receivables over 6 months is as follows:

	31 December 2022	31 December 2021
Trade receivables over 6 months		
State - owned companies	5,260	6,379
Private Petrol Stations	295,818	160,653
Other	324,927	376,038
Total	626,005	543,070

*b) Other receivables*

	31 December 2022	31 December 2021
Receivables on Value Added Tax	8,324,134	5,472,076
Other unmentioned receivables	1,830,304	485,919
Total	10,154,438	5,957,995
Prepaid VAT	1,345,135	90,170
Receivables from government agencies	25,740	32,276
Interest receivables	332	1,146
Receivables from employees	77	(140)
Receivables from insurance companies		
Other receivables	459,020	362,467
Total	1,830,304	485,919

## 10. Short-term financial investments

	31 December 2022	31 December 2021
Short-term financial investments		
Short-term portion of housing loans (note 7)	147,142	163,648
Total	147,142	163,648

## 11. Cash on accounts and in hand

	31 December 2022	31 December 2021
Treasury and cash registers of retail outlets	324,402	215,485
Bank account	12,508,456	22,798,914
Total	12,832,858	23,014,399

	31 December 2022	31 December 2021
Cash at bank account		
Crnogorska Komercijalna banka	2,624,048	816,900
Prva banka Crne Gore	17,798	10,041
Hipotekarna banka	166,568	21,983
NLB	2,260,668	3,949
Erste banka	6,763,070	21,779,958
Addiko banka	676,304	166,083
Total	12,508,456	22,798,914

Current accounts with commercial banks earn interest at weighted average deposit interest rate which was from 0.01% to 0.05% per annum in 2022 (from 0% to 0.05% per annum in 2021).

## 12. Accruals

	31 December 2022	31 December 2021
Prepaid insurance policy	36,798	39,891
Other prepaid expenses	50,589	208,630
Total	87,387	248,521

## 13. Receivables on Value Added Tax

	31 December 2022	31 December 2021
Claims for overpaid VAT	8,286,020	5,419,344
VAT on prepaid expenses	38,114	52,732
Total	8,324,134	5,472,076

Total claims for overpaid VAT on 31 December 2022 were EUR 8,286,020.

In December 2022 the Company collected VAT credit return for the period between October 2012 to December 2013 in the amount of EUR 917,458.87.

## 14. Equity and reserves

	Share capital	Statutory reserves	Other reserves	Revaluation reserves	Retained earnings	Total
As at 01/01/2021	67,986,605	2,469,979	6,080,719	(176,185)	15,455,477	91,816,594
Change in fair value of financial assets available for sale				(807)		(807)
Deferred tax				73		73
Actuarial gains				32,302		32,302
Profit for the year					5,527,750	5,527,750
Transfer to other reserves						
Paid dividends					(3,257,780)	(3,257,780)
Balance as at 31/12/2021	67,986,605	2,469,979	6,080,719	(144,617)	17,725,447	94,118,133
Change in fair value of financial assets available for sale				(41)		(41)
Deferred tax				8,360		8,360
Actuarial gains				75,739		75,739
Profit for the year					11,967,835	11,967,835
Transfer to other reserves						
Paid dividends					(4,514,351)	(4,514,351)
Balance as at 31/12/2022	67,986,605	2,469,979	6,080,719	(60,559)	25,178,931	101,655,675

## 14.1 Share capital

The structure of the Company's share capital and shareholders as of 31 December 2022 is as follows:

	No, of shares	Percentage	31 December 2021
Hellenic Petroleum International A.G.	2,529,489	54.35%	36,951,534
EK - NLB Ljubljana for clients 2	430,293	9.25%	6,285,849
EK - Custody account 1	187,999	4.04%	2,746,346
CK - Custody account 1	166,968	3.59%	2,439,119
NM - Custody account 8	97,386	2.09%	1,422,644
EK - Custody account 2	48,031	1.03%	701,651
HB - Custody account 1	58,709	1.26%	857,639
Open investment fund Moneta	22,072	0.47%	322,434
Open investment fund Trend	15,741	0.34%	229,949
CK - Custody account 5	18,371	0.39%	268,369
EK - NLB Ljubljana for clients 3	13,900	0.30%	203,055
Other legal entities	47,862	1.03%	699,182
Individuals	1,017,150	21.86%	14,858,832
Total	4,653,971	100%	67,986,605

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

## 14.2 Reserves

	31 December 2022	31 December 2021
Housing fund	6,080,719	6,080,719
Statutory reserves	2,469,979	2,469,979
Reserves	8,550,698	8,550,698

## 14. Equity (continued)

## 14.2 Reserves (continued)

Statutory reserves of EUR 2,469,979 (2021: EUR 2,469,979) were formed based on the decision of the Board of Directors and the Shareholders' Assembly and represent 5% of the Company's statutory after-tax profit for the period up to 2003 based on the previous Company's Law that prescribed obligation on allocating portion of after-tax profit to legal reserves. In the meantime, the Company Law changed and obligation for legal reserves is removed.

*Housing funds*

According to the Collective Agreement and based on the decision of the General Assembly, the Company allocates, if necessary, a portion of its retained earnings to the housing fund. This fund is used for financing housing needs of the Company's employees and/or covers other related expenses.

## 15. Long term provisions

Long term provisions include:

	31 December 2022	31 December 2021
Provision for retirement indemnities	219,310	299,304
Provision for jubilee awards	55,952	73,951
Total	275,262	373,255

The movement on long term provision account was as follows:

	Other benefits to the employees
As at 01/01/2021	414,616
Remeasurement charged to P&L	117,746
Used during the year	(126,805)
Actuarial (gains)/losses	(32,302)
As at 31/12/2021	373,255
As at 01/01/2022	373,255
Charged to P&L	17,648
Used during the year	(39,902)
Actuarial (gains)/losses	(75,739)
As at 31/12/2022	275,262

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

Movement in the accounts is as follows:

	Retirement benefits		Jubilee awards	
	2022	2021	2022	2021
Current service cost	16,888	107,488	(13,929)	(2,620)
Interest cost	12,053	10,442	2,636	2,435
Past service cost				
Used during the year	(33,196)	(120,690)	(6,706)	(6,114)
Actuarial (gains)/losses	(75,739)	(32,302)		
Total	(79,994)	(35,062)	(17,999)	(6,299)

## 15. Long term provisions (continued)

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

*Main assumptions*

	31 December 2022	31 December 2021
Discount rate	8.0%	4.3%
Increase of average salary	0.5%	0.5%

## 16. Deferred tax liability

Deferred tax liabilities	Accelerated tax depreciation	Fair value gains	Total
At 1 January 2021	(102,311)	17,270	(85,041)
(Charged)/credited to the income statement	(3,190)		(3,190)
Charged directly to equity		73	73
At 31 December 2021	(105,501)	17,343	(88,158)
(Charged)/credited to the income statement	6,999		6,999
Charged directly to equity		8,360	8,360
At 31 December 2022	(98,502)	25,703	(72,799)

## 17. Other operating liabilities

	31 December 2022	31 December 2021
Short term lease liability - IFRS 16	174,278	151,439
Total	174,278	151,439

## 18. Prepayments, deposits and bails

	31 December 2022	31 December 2021
Domestic customer advances and deposits	1,347,565	1,071,370
Foreign customer advances	587,820	404,523
Total	1,935,385	1,475,893

## 19. Trade payables

	31 December 2022	31 December 2021
Domestic trade payables	2,933,112	2,549,235
Foreign trade payables	9,729	38,235
Total	2,942,841	2,587,470

## 20. Other short-term liabilities

	31 December 2022	31 December 2021
Liabilities for dividends from the previous period	696,922	604,030
Liabilities for other compensations	1,966	3,431
Total	698,888	607,461

## 21. Liabilities for VAT and other public revenues

	31 December 2022	31 December 2021
Liabilities for value added tax	50,165	113,524
Liabilities for excise	7,270,047	8,045,463
Total	7,320,212	8,158,987

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## 22. Accruals

	31 December 2022	31 December 2021
Liabilities for other personnel expenses	392,672	371,171
Other short-term liabilities and accruals	383,052	726,552
Total	775,724	1,097,723

## 23. Sales revenue – net income

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

	2022	2021
Retail	156,743,230	79,205,900
Wholesale	156,653,013	70,683,362
Total	313,396,243	149,889,262

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

	2022	2021
Revenues from domestic sales	281,104,642	135,674,905
Sale of fuel	258,834,586	119,920,055
Sale of LPG	1,847,817	1,293,171
Sale of lubricants and LPG in bottles	1,120,870	968,286
Sale of merchandise	18,186,030	12,731,395
Sale of services	1,115,339	761,998
Revenues from export sales	32,291,601	14,214,357
Sale of fuel	32,239,459	14,159,203
Sale of services	52,142	55,154
Total	313,396,243	149,889,262

## 24. Other operating revenue

	2022	2021
Reversal of bad debt provision	1,889	200
Revenues from decrease of liabilities		53,310
Other - VAT		51,874
Income from insurance	17,866	4,732
Gains on sale of fixed assets	17,793	16,476
Inventory surpluses	1,135,510	640,372
Other	1,695	20,922
Total	1,174,753	787,886
Rental income	34,989	18,649
Other income	186,123	164,929
Total	221,112	183,578

## 25. Operating expenses

In COMO operations system (Company owned/Manager operated), the provider of the service is managing the petrol station and using the services of the petrol station including the accompanying equipment, which are in the ownership of the Company and under its brand name and trademark, with the sole purpose of selling products and services as an independent legal entity. Service provider is compensated for its services on a monthly basis based on achieved turnover in accordance with the contract signed with the Company. Third party services mostly refer to the consulting and professional services (EUR 574,577) and lawyers' fees (EUR 95,743). The fee for the statutory audit of the annual financial statements in 2022 was EUR 36,700 (2021: EUR 31,000).

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## 25. Operating expenses (continued)

	2022	2021
Cost of goods sold	280,465,028	126,861,036
Cost of materials	1,008,997	791,845
Total	281,474,025	127,652,881
Depreciation and amortization	3,599,334	3,496,755
Petrol station management fees (COMO)	4,605,097	4,080,513
Transportation cost	1,665,876	1,189,582
Telecommunications and postal expenses	154,495	150,922
Maintenance	1,553,420	1,295,887
Rental expense	499,835	302,904
Marketing expense	394,059	383,518
Third party's services	815,480	724,677
Training and seminars	12,229	15,641
Donations and sponsorships	73,073	34,941
Hospitality expenses	44,231	18,863
Insurance	210,105	227,854
Bank commissions and fees	601,904	343,615
Indirect taxes and contributions	501,823	381,757
Scholarships	12,400	11,200
Licenses	198,393	134,556
Other items	353,357	303,653
Total	15,295,111	13,096,838

## 26. Wages expenses, wage compensation and other personal expenses

	2022	2021
Gross salaries and wages	2,145,229	2,139,763
Social security contributions – on behalf of employer	191,265	241,970
Transportation allowances	10,331	7,800
Winter food allowances	74,638	82,818
Humanitarian aid to employees	9,972	14,349
Retirement indemnities and jubilee awards	39,902	117,746
Temporary staff costs	16,626	31,847
Travel expenses	38,282	14,062
Board of Directors' compensation	92,269	91,081
Personnel expenses from discounting of housing loans	26,304	31,152
Other personnel expenses	164,509	243,197
Total	2,809,327	3,015,785

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



## 27. Other operating expenses and value adjustment of short-term financial assets and financial investments that are part of current assets

	2022	2021
Direct write off of receivables	113	
Direct write off of housing loans		
Loss on sale and disposal of fixed assets	28,046	213,892
Loss of PPE (legal case)		
Inventory shortages	1,214,291	743,990
Other expenses	8,142	55,247
Other operating expenses, total	1,250,592	1,013,129
Provision for impaired receivables (note 9)	961	
Value adjustment of short-term financial assets and financial investments that are part of current assets	961	
Total	1,251,552	1,013,129

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

	2022	2021
Interest income	61,735	57,699
Foreign exchange gains	29,779	13,329
Interest income on discounting of housing loans	26,304	31,152
Other financial income	33,720	15,752
Total	151,538	117,932

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

	2022	2021
Interest expense	19,697	21,689
Foreign exchange losses	48,662	14,086
Other financial expenses		
Total	68,359	35,775

## 30. Tax expense of the period

	2022	2021
Current tax on profit for the year	2,067,159	561,989
Previous year tax additions		5,342
Current corporate income tax	2,067,159	567,331
Deferred tax expenses or income for the period	(6,999)	3,191
Deferred tax expenses or income for the period	(6,999)	3,191
Total	2,060,160	570,522

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

## 30. Tax expense of the period (continued)

	2022	2021
Profit before income taxes	14,027,995	6,098,272
Tax calculated at statutory tax rate	2,056,200	548,845
Tax effect from:		
Previous year tax additions		5,342
Expenses not deductible for tax purposes	3,960	16,335
Utilisation of deferred tax assets		
Tax expense	2,060,160	570,522

## 31. Basic earnings per share

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

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

	2022	2021
Profit attributable to equity holders of the Company	12,051,892	5,559,318
Weighted average number of ordinary shares in issue	4,653,971	4,653,971
Basic and diluted earnings per share	2.59	1.19
Dividends paid	4,514,351	3,257,780
Weighted average number of ordinary shares in issue	4,653,971	4,653,971
Dividends per share	0.97	0.70

## 32. Related party transactions

The Company is ultimately controlled by HELLENIQ ENERGY Holdings S.A., a company incorporated in Greece, which owns 54.35% of the Company's share capital through Hellenic Petroleum International GmbH (from 17<sup>th</sup> of March 2023 renamed to HELLENIQ ENERGY International GmbH), a company incorporated in Austria. Hellenic Petroleum R.S.S.O.P.P. S.A. has been the Company's exclusive supplier of oil products. EKO ABEE supplies the Company with lubricants.

Furthermore, HELPE International Consulting and Hellenic Petroleum Digital Single Member S.A provide the Company with various consulting and IT services, while Okta AD Skopje provides laboratory analysis of JET A1.

The following transactions were carried out with related parties:

## a) Purchases of goods and services:

Purchases of goods and services	Relationship	Nature of transaction	2022	2021
Hellenic Petroleum R.S.S.O.P.P. S.A.	Group company	Purchases of oil products	275,132,100	120,473,744
Hellenic Petroleum Digital Single Member S.A	Group company	IT services	391,538	289,010
EKO ABEE	Group company	Purchases of lubricants	259,168	151,595
HELPE International Consulting	Group company	Consulting services	214,332	210,000
Okta AD Skopje	Group company	Purchases of oil products		149,002
Okta AD Skopje	Group company	Fuel analysis (JET A1)	13,982	6,177
Total			276,011,120	121,279,528

## 32. Related party transactions (continued)

*b) Sales to related parties:*

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

*c) Payables to related parties:*

Payables to related parties	Relationship	Nature of transaction	2022	2021
Hellenic Petroleum R.S.S.O.P.P. S.A.	Group company	Purchases of oil products		789,089
Hellenic Petroleum Digital Single Member S.A	Group company	IT services		79,327
Okta AD Skopje	Group company	Fuel analysis (JET A1)	706	2,118
HELPE International Consulting	Group company	Consulting services		210,000
Total			706	1,080,534

*d) Receivables from related parties:*

Receivables from related parties	Relationship	Nature of transaction	2022	2021
Hellenic Petroleum R.S.S.O.P.P. S.A.	Group company	Purchases of oil products	2,886,086	
Total			2,886,086	

Receivables from related parties refer to advance payment for fuel.

Receivables and payables from transactions with related parties are unsecured and bear no interest.

*e) Key management compensation*

	2022	2021
Salaries and other short-term benefits	497,287	486,809
Total	497,287	486,809

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

## 33. Commitments and contingencies

As of 31 December 2022, the Company has main groups of litigations still ongoing, hence unresolved. The management believes that in all below listed cases there is no need for additional provision to be made based to requirements of IAS 37. The progress of litigations is monitored on day-to-day basis. Summary of litigations is as follows:

*a) Montenegrobonus doo Cetinje vs. the Company*

The plaintiff initiated two claims against the Company:

- One, in the amount of EUR 11,024,960 where the Company according to the plaintiff's claim denied use of storage facilities to the plaintiff, contrary to temporary measure of the Commercial Court of Podgorica dated 2004. In 2009, the Municipal Court of Kotor reached a resolution to suspend the proceedings in this legal matter, until the effective resolution of the lawsuit between the Company and the Montenegro Government over the eventual ownership rights on the petrol installations described above.
- The second one in the amount of EUR 7,560,000 claimed lost ability to earn rental income from lease of disputed storage facilities to third parties. As of 2010, this dispute is also suspended until the resolution of ownership rights over the disputed storage facilities.

## JUGOPETROL A.D.

### Notes to the financial statements for the year ended 31 December 2022

(All amounts expressed in EUR, unless otherwise stated)

#### 33. Commitments and contingencies (continued)

##### b) Tax risks

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Management has assessed that the Company has paid all tax liabilities as of 31 December 2022.

In 2014 the Tax Authorities initiated an audit for the period between 2011 up to 2014 for all types of taxes administered by the Tax Authority. First four decisions of the inspector have been annulled by the Ministry of Finance Appeal Committee. On 28<sup>th</sup> February 2022 the Company received the fifth Decision issued by the Revenue and Customs Administration according to which they found that Jugopetrol is liable to pay a total of EUR 1,472,497.16 on account of outstanding legal obligations (including interest). On 15<sup>th</sup> March 2022 the Company filed an appeal to the Ministry of Finance. On 19<sup>th</sup> May 2022 the Ministry of Finance issued a decision on accepting findings of the Revenue and Customs Administration in relation to outstanding legal obligations, at the same time accepting our appeal in relation to interest calculation, and returning it to the Revenue and Customs Administration for repeated processing. On 27<sup>th</sup> June 2022 the Company submitted a lawsuit against the MoF decision on the principal amount of EUR 781,631.25 to the Administrative Court. On 21<sup>st</sup> September 2022 the Ministry of Finance issued a decision on accepting the new interest calculation of the Revenue and Customs Administration from 18<sup>th</sup> July 2022. The Company filed a lawsuit against the MoF decision on the interest amount of EUR 738,405.58 to the Administrative court on 28<sup>th</sup> October 2022.

In Oct 2015 the Company initiated an audit for return of overpaid VAT for period Oct 2012 – Aug 2015. Since this request was partly overlapping the period subject of an audit initiated by Tax Authorities, the part of Company's claim, covering period Oct 2012 until Dec 2013 in the total amount of EUR 1,379,320, was suspended until the other case is finalized. The audit for the rest of Company's claim, covering period Jan 2014 until Aug 2015, was successfully finished and the Company collected the whole amount. On 15<sup>th</sup> December 2022 the Company received Decision by the Revenue and Customs Administration according to which our request for VAT credit from 2012 & 2013 is partially accepted, and on 28<sup>th</sup> December we collected EUR 917,458.87.

The remaining EUR 461,384 referring to findings in the other case, was not accepted, as the Tax Authorities decided to link the two cases and to balance off the amounts of their findings and Company's claim. On 30<sup>th</sup> December the Company filed an appeal to the Ministry of Finance claiming that the two cases should be treated separately.

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

#### 34. Events after the balance sheet date

At the end of February, the Ministry of Finance put into public debate the Draft Law on Solidarity Contribution according to which the state plans to introduce as a temporary crisis measure an additional tax for all companies whose revenues in 2022 and 2023 exceed five million euros. The base for the solidarity contribution would be a taxable profit for the fiscal years 2022 and 2023, determined in accordance with the provisions of the Law on Corporate Income Tax, reduced by the amount of averaged taxable profits for 2018, 2019, 2020 and 2021, increased by 20 percent. The tax period for which the solidarity contributions would be calculated and paid are 2023 and 2024. The solidarity contribution rate would be proportionate and would amount to 33%. At the date of adoption of financial statements and notes to the financial statements, the management cannot estimate reliably whether the law would be adopted and if there will be cash outflow on this basis.


In addition to the above, there were no other significant events after the date of the statement of financial position that would require disclosure in the notes to the accompanying financial statements of the Company for 2022.

In Podgorica,

Person responsible for preparation  
of financial statements

Responsible person

As at 31/03/2023

  
.....  
