



Slovnaft

MEMBER OF MOL GROUP

Slovnaft, a. s.

Separate Financial Statements prepared
in accordance with International Financial Reporting
Standards (IFRS) as adopted by the EU
and Independent Auditor's Report

for the year ended 31 December 2020

Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and Audit Committee of SLOVNAFT, a. s.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SLOVNAFT, a.s. (the Company), which comprise the statement of financial position as at 31 December 2020, 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 of the Company give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give true and fair view in accordance with IFRS EU, 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 ISAs 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

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 presented information as well as whether the financial statements captures the underlying transactions and events in a manner that leads to their 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.

Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We considered whether the Company's annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2020 is consistent with the financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

11 March 2021
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257



Ing. Dalimil Draganovský, statutory auditor
SKAU Licence No. 893

SLOVNAFT, a. s.

Separate financial statements
prepared in accordance with International Financial Reporting Standards
as adopted by EU

for the year ended 31 December 2020

Bratislava, 11 March 2021



Oszkár Világi
Chairman of the Board of Directors



Marek Senkovič
Member of the Board of Directors

SLOVNAFT, a.s.

**Separate financial statements prepared in accordance with International Financial Reporting Standards
for the year ended 31 December 2020**

General information

SLOVNAFT, a.s. ("SLOVNAFT" or "the Company") was registered in Slovakia as a joint stock company on 1 May 1992. Prior to that date it was a state owned enterprise. The Company was set up in accordance with Slovak regulations. The Company had its primary listing on the Bratislava Stock Exchange. The Bratislava Stock Exchange terminated trading of Company's shares on the regulated market on 20 December 2019 based on request of the Company. The last trading day of the shares was 23 December 2019. The Company became a private joint stock company on 27 December 2019.

The principal activities of the Company are the processing of crude oil and the distribution and sale of refined products.

The Company's registered address and registration numbers are:

SLOVNAFT, a.s.

Vlčie hrdlo 1

824 12 Bratislava

Slovak Republic

Registration number: 31 322 832

Tax registration number: 2020372640

Since April 2003 the major shareholder of the Company is MOL Nyrt., incorporated and domiciled in Hungary.

The Company is not partner with unlimited liability in any company.

As at 31 December 2020, the Company had 2,290 employees (31 December 2019: 2,344). Average calculated number of employees as at 31 December 2020 was 2,281 (31 December 2019: 2,457), 126 of which were management (31 December 2019: 132 managers).

Authorization and statement of compliance

These separate financial statements were approved and authorized for issue by the Board of Directors on 11 March 2021.

The separate financial statements of the Company for the previous period were approved by the Annual General Meeting of the Company held on 21 April 2020.

These separate financial statements are placed at the Company's registered address, at the Register of financial statements, and at the Commercial Register of District Court in Bratislava I, Záhradnícka 10, 812 44 Bratislava.

These separate financial statements have been prepared as ordinary separate financial statements according to Section 17 (6) of the Slovak Accounting Act No. 431/2002 Coll. as later amended.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all applicable IFRS that have been adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

With effect from 1 January 2006, the change in the Slovak Accounting Act requires the Company to prepare its financial statements in accordance with IFRS as adopted by the European Union ("EU"). At this time, due to the endorsement process of the EU, there is no difference between the IFRS policies applied by the Company and those adopted by the EU.

<i>in € thousands</i>	Notes	2020	2019
Net revenue	2	2,700,445	3,615,511
Other operating income	3	23,501	15,614
Total operating income		2,723,946	3,631,125
Raw materials and consumables used		(2,140,817)	(2,972,979)
Personnel expenses	4	(103,088)	(113,289)
Depreciation, depletion, amortization and impairment		(189,094)	(161,183)
Value of services used	5	(209,084)	(212,000)
Other operating expenses	6	(134,470)	(159,461)
Change in inventories of finished goods and work in progress		(57,327)	15,699
Work performed by the enterprise and capitalized		1,841	1,080
Total operating expenses		(2,832,039)	(3,602,133)
Profit/(loss) from operations		(108,093)	28,992
Finance revenues	7	9,068	5,442
Finance expenses	7	(3,033)	(7,018)
Finance revenues/(expenses), net		6,035	(1,576)
Profit/(loss) before tax		(102,058)	27,416
Income tax expense	8	20,172	(10,188)
Profit/(loss) for the period		(81,886)	17,228
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension plans	19	(26)	(238)
Income tax relating to items that will not be reclassified to profit/(loss)	8	5	50
Total items that will not be reclassified to profit/(loss)		(21)	(188)
Other comprehensive income for the period		(21)	(188)
Total comprehensive income for the period		(81,907)	17,040
Basic/diluted earnings/(loss) per share (€)	24	(3.97)	0.84

<i>in € thousands</i>	Notes	2020	2019
ASSETS			
Non-current assets			
Intangible assets	9.1	20,745	21,205
Property, plant and equipment	9.2	1,483,526	1,540,536
Investments in subsidiaries	10	46,027	45,652
Investments in associated companies	11	71,428	71,918
Financial assets measured at fair value through other comprehensive income		2,370	2,409
Other non-current assets	12	1,774	4,219
Total non-current assets		1,625,870	1,685,939
Current assets			
Inventories	13	256,375	295,996
Trade receivables	14	221,972	323,761
Income tax receivable		-	19,822
Other current assets	15	290,310	67,040
Cash and cash equivalents	16	26,238	92,886
Total current assets		794,895	799,505
TOTAL ASSETS		2,420,765	2,485,444
EQUITY AND LIABILITIES			
Equity			
Share capital	17.1	684,758	684,758
Share premium		121,119	121,119
Retained earnings	17.2	701,162	783,069
Other components of equity	17.3	2,330	2,330
Total equity		1,509,369	1,591,276
Non-current liabilities			
Long-term debt, net of current portion	18.1	55,315	53,047
Provisions	19	59,121	59,266
Deferred tax liabilities	8	62,875	83,058
Other non-current liabilities	20	14,020	15,440
Total non-current liabilities		191,331	210,811
Current liabilities			
Trade payables and other current liabilities	21	460,372	637,245
Provisions	19	30,735	23,038
Short-term debt	18.2	215,304	10,001
Current portion of long-term debt	18.1	13,654	13,073
Total current liabilities		720,065	683,357
TOTAL EQUITY AND LIABILITIES		2,420,765	2,485,444

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
<i>in € thousands</i>					
1 January 2019	684,758	121,119	766,030	2,330	1,574,237
Profit/(loss) for the period	-	-	17,228	-	17,228
Other comprehensive income for the period	-	-	-	(188)	(188)
Total comprehensive income for the period	-	-	17,228	(188)	17,040
Reclassification of actuarial gains/(losses) on defined benefit pension plans	-	-	(188)	188	-
Other changes	-	-	(1)	-	(1)
31 December 2019	684,758	121,119	783,069	2,330	1,591,276
Profit/(loss) for the period	-	-	(81,886)	-	(81,886)
Other comprehensive income for the period	-	-	-	(21)	(21)
Total comprehensive income for the period	-	-	(81,886)	(21)	(81,907)
Reclassification of actuarial gains/(losses) on defined benefit pension plans	-	-	(21)	21	-
31 December 2020	684,758	121,119	701,162	2,330	1,509,369

<i>in € thousands</i>	Notes	2020	2019
Profit/(loss) before tax		(102,058)	27,416
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities			
Depreciation, depletion, amortization and impairment		189,094	161,183
Amortization of government grants	3	(836)	(1,084)
Write-down/(reversal of write-down) of inventories, net		(3,414)	119
Increase/(decrease) in provisions, net		7,526	5,585
(Profit)/loss from the sale of intangible assets and property, plant and equipment	3	(123)	(22)
Write-off of receivables and addition/(reversal) of impairment, net		288	(1,313)
Write-off of liabilities		(68)	(74)
Net foreign exchange (gain)/loss on receivables and payables	7	(4,677)	2,996
Impairment/(reversal of impairment) of investments in subsidiaries	7	-	452
Impairment of financial assets measured at fair value through other comprehensive income		10	-
Interest revenue	7	(336)	(338)
Interest expense on borrowings	7	1,523	1,356
Net foreign exchange (gain)/loss on cash and cash equivalents	7	(50)	476
Other finance (profit)/loss, net		(3,005)	(1,723)
Dividends received	7	(981)	(3,372)
Book value of surrendered emission quotas		17,733	14,434
Revaluation of emission quotas	3	-	(55)
Other non-cash items		73	(816)
Operating cash flow before changes in working capital		100,699	205,220
(Increase)/decrease in inventories		42,764	(8,030)
(Increase)/decrease in trade receivables		96,926	17,551
(Increase)/decrease in other assets		(4,039)	11,897
Increase/(decrease) in trade payables		(167,598)	91,408
Increase/(decrease) in other liabilities		10,765	2,707
Corporate income tax (paid)/returned		19,817	(16,217)
Net cash provided by/(used in) operating activities		99,334	304,536
Payments for intangible assets and property, plant and equipment		(143,873)	(234,886)
Proceeds from disposal of intangible assets and property, plant and equipment		137	36
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		29	-
Acquisition of subsidiaries	10	(375)	(5)
Long-term loans granted		(4,790)	(8,040)
Long-term loans repaid		6,478	8,500
Short-term loans (granted)/repaid, net		(217,823)	(16,860)
Interest received		237	305
Other finance income		25	13
Dividends received and income from the decrease of share capital of the subsidiaries		760	3,372
Net cash provided by/(used in) investing activities		(359,195)	(247,565)
Proceeds from/(repayments of) short-term bank borrowings, net	18.3	203,000	-
Repayments of long-term non-bank borrowings	18.3	(13,580)	(13,090)
Proceeds/(payments) from derivative transactions, net		3,000	1,718
Interest paid		(1,493)	(1,383)
Other finance costs		(19)	(9)
Dividends paid to shareholders		(13)	(95)
Net cash provided by/(used in) financing activities		190,895	(12,859)
Increase/(decrease) in cash and cash equivalents		(68,966)	44,112
Cash and cash equivalents at the beginning of the period	16	92,886	49,250
Effects of exchange rate changes	7	50	(476)
Cash and cash equivalents at the end of the period	16	23,970	92,886

1 Accounting information, policies and significant estimates

1.1 Basis of preparation

These separate financial statements have been prepared in accordance with IFRS issued and effective on 31 December 2020.

For the purpose of the application of the historical cost convention, the financial statements treat the Company as having come into existence on 1 May 1992, at the carrying values of assets and liabilities determined at that date, subject to the IFRS adjustments.

The financial statements were prepared using the going concern assumption that the Company will continue its operations for the foreseeable future.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from those estimations.

The financial year is the same as the calendar year.

The separate financial statements are presented in thousands of Euro.

1.2 Information on consolidated group

The Company applied the exemption from the obligation to prepare consolidated financial statements according to Section 22 (9) of the Slovak Accounting Act No. 431/2002 Coll. as later amended, as the parent company MOL Nyrt. prepares consolidated financial statements for the largest group of companies under EU law, which also includes the financial statements of the Company and the financial statements of all its subsidiaries.

MOL Nyrt., Október huszonharmadika u. 18, 1117 Budapest, Hungary, prepares the Group's consolidated financial statements. The consolidated financial statements are available directly at the registered address of the company stated above.

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those applied in the separate financial statements at 31 December 2019.

The Company has adopted the following amendments to IFRS during the accounting period:

- IFRS 3 Business Combinations - Amendments to clarify the definition of a business
- IFRS 7 Financial Instruments: Disclosures - Amendment regarding issues in the context of the IBOR reform
- IFRS 9 Financial Instruments: Classification and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform
- IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material
- IAS 39 Financial Instruments: Recognition and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform
- Amendment to References to the Conceptual Framework in IFRS Standards

Application of these amendments to standards did not have any impact on the financial statements of the Company.

1.4 Issued but not yet effective International Financial Reporting Standards

At the date of authorization of these financial statements, the following new and amended Standards were in issue but not yet effective:

- IFRS 3 Business Combinations - Amendments updating a reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022, this standard has not been approved by EU yet)
- IFRS 4 Insurance Contracts - Amendment regarding issues in the context of the IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

- IFRS 4 Insurance Contracts - Amendments regarding the deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 7 Financial Instruments: Disclosures - Amendment regarding issues in the context of the IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 9 Financial Instruments: Classification and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016, this standard has not been approved by EU yet)
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective for annual periods beginning on or after 1 June 2020)
- IFRS 16 Leases - Amendment regarding issues in the context of the IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023, this standard has not been approved by EU yet)
- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective for annual periods beginning on or after 1 January 2023, this amendment has not been approved by EU yet)
- IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023, this amendment has not been approved by EU yet)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023, this amendment has not been approved by EU yet)
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective for annual periods beginning on or after 1 January 2022, this amendment has not been approved by EU yet)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective for annual periods beginning on or after 1 January 2022, this amendment has not been approved by EU yet)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- Annual Improvements 2018 - 2020 (effective for annual periods beginning on or after 1 January 2022, these improvements have not been approved by EU yet)

Application of the new and amended standards are not expected to have a material impact on the financial statements of the Company.

1.5 Summary of significant accounting policies

Presentation currency

Based on the economic substance of the underlying events and circumstances, Euro (€) was determined as the currency of Company's presentation.

Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognized in the profit/loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange differences both on trade receivables and payables and on borrowings are recorded as financial income or expense.

1.6 Significant accounting judgments and estimates

Critical judgments in applying the accounting policies

In the process of applying the accounting policies, management has made certain judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimates, which are dealt with below). These are detailed in the respective notes.

Sources of estimate uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from these estimates. These are detailed in the respective notes.

Significant impact on operation

The COVID-19 pandemic and the economic crisis that came as a result created unprecedented challenges and reset priorities for everyone, including the Company. The virus exposed the Company, its employees, customers and partners to significant health and safety risks, it created unseen operational challenges during the lockdown and put the company's financial flexibility and strength to the test too. The oil and gas industry were particularly hit hard as a combination of demand and supply-side shocks occurring at the same time.

The COVID-19 pandemic affected significant judgements and estimation uncertainties during the period and these uncertainties have been taken into account in certain areas, for instance impairment testing, credit risk and deferred tax recoverability.

2 Net revenue**Accounting policies**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of VAT, excise tax and discounts when delivery of goods or rendering of the service has taken place and transfer of control has been completed. Retail revenues are recognized at a point of sale to the customer as cash or credit card sale. Revenues from wholesale are recognized when the control over the goods sold have passed to the buyer (e. g. according to the relevant INCOTERMS).

Revenues are recognized net of the amount of excise tax, except when the excise tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the excise tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Sales by product lines

<i>in € thousands</i>	2020	2019
Motor diesel	1,279,761	1,764,896
Motor gasoline	481,159	707,556
Other refined products	306,461	432,673
Plastics	439,576	436,107
Services	35,694	38,901
Other	157,794	235,378
Total	2,700,445	3,615,511

Sales by geographical areas

<i>in € thousands</i>	2020	2019
Slovak Republic	1,145,418	1,600,147
Czech Republic	464,072	609,996
Austria	293,868	392,052
Poland	223,535	236,146
Hungary	211,532	401,975
Germany	152,521	156,542
Italy	64,629	59,357
Romania	22,562	30,115
Croatia	18,524	32,810
United Kingdom	16,412	1,539
Switzerland	16,079	10,505
Serbia	14,822	18,593
The Netherlands	10,025	14,054
Other	46,446	51,680
Total	2,700,445	3,615,511

The basis for attributing revenues from external customers to individual countries is place of delivery.

Major customers

Net revenue arising from transactions with the parent company MOL Nyrt., including companies under its control, amounts to €1,048,217 thousand which represents 38.8% of the total net revenue in 2020 (2019: €1,451,572 thousand, 40.2%).

Net revenue to any other single customer does not exceed 10% of the Company's total revenue. A group of entities known to be under common control is considered a single customer for this purpose.

3 Other operating income

<i>in € thousands</i>	2020	2019
Net gain from non-hedge commodity derivatives	8,865	-
Government grants for compensation of expenses	8,009	8,984
Compensation of the cost from other subjects	2,589	2,354
Compensation for damages	1,480	105
Amortization of government grants	836	1,084
Compensation of the cost of economic mobilization	674	450
Profit from the sale of intangible assets and property, plant and equipment	123	22
Penalties and late payment interest	27	187
Release of provisions for doubtful receivables	-	1,313
Gain from revaluation of emission quotas	-	55
Other	898	1,060
Total other operating income	23,501	15,614

4 Personnel expenses

<i>in € thousands</i>	2020	2019
Wages and salaries	67,167	74,030
Legal and voluntary retirement contributions	12,593	12,735
Public health insurance	7,673	8,255
Other social insurance	6,823	8,455
Other personnel expenses	7,709	8,539
Provision for retirement and jubilee benefits (Note 19)	1,305	1,191
Expenses of share-based payments	(182)	84
Total personnel expenses	103,088	113,289

Share-based payments**Accounting policies**

Certain employees of the Company receive remuneration dependent on the parent company's MOL Nyrt. share price. The cost of these cash-settled transactions is measured initially at fair value using the binomial model. This fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is remeasured at each end of the reporting period up to and including the settlement date to fair value with changes therein recognized in the profit/loss for the period.

The long-term managerial incentive system based on stock options ensures the interest of the management of the Company in the long-term increase of the MOL Nyrt. share price. It comprises of the Stock Option Plan and the Performance Share Plan.

Performance Share Plan

The Performance Share Plan is a three-year cash based program launched in 2013 using the comparative share price methodology with following characteristics:

- Program starts each year with a three-year vesting period.
- Target is the development of MOL's share price compared to relevant and acknowledged regional and industry specific indicators (the CETOP and the Dow Jones Emerging Market Titans Oil&Gas 30 Index).
- Basis of the evaluation is the average difference in MOL's year-on-year share price performance in comparison to the benchmark indices during three years.
- Payout rates are defined based on the over / underperformance of MOL share price.
- Payments are due after the third year.

Revenues arising from the Performance Share Plan program amounted to €24 thousand in 2020 (2019: €85 thousand). Liabilities in respect of the Performance Share Plan program amounted to €3 thousand as at 31 December 2020 (31 December 2019: €53 thousand) recorded in other current liabilities.

Stock Option Plan

The stock option plan launched in 2006 is a material incentive disbursed in cash, calculated based on call options concerning MOL Nyrt. shares, with annual recurrence, with the following characteristics:

- It covers a four-year period (two-year vesting and two-year exercising period) starting annually.
- Its rate is defined by the quantity of units specified by the Company job category.
- The value of the units is set annually.

It is not possible to redeem the share option until the end of the second year (vesting period); the exercising period lasts from 1 January of the third year until 31 December of the fourth year.

The incentive is paid in the exercising period according to the appropriate declaration of redemption. The paid amount of the incentive is determined as the product of the defined number and price increase (difference between the redemption price and the initial price) of shares.

Details of the share option rights granted during the period are as follows:

	2020		2019	
	Shares in option rights	Weighted average exercise price per share	Shares in option rights	Weighted average exercise price per share
	number of shares	€	number of shares	€
Outstanding at the beginning of the period	261,087	8.44	305,528	6.98
Granted during the period	119,253	8.01	119,087	9.23
Forfeited during the period	(7,189)	8.36	-	-
Exercised during the period	(52,800)	4.57	(163,528)	5.92
Expired during the period	-	-	-	-
Outstanding at the end of the period	320,351	8.27	261,087	8.44
Exercisable at the end of the period	90,786	8.51	52,800	5.05

As required by IFRS 2, this share-based compensation is accounted for as cash-settled payments, expensing the fair value of the benefit during the vesting period. Revenues arising from cash-settled share-based payment transactions amounted to €158 thousand in 2020 (2019: expenses €169 thousand). Liabilities in respect of the share-based payment plans amounted to €123 thousand as at 31 December 2020 (31 December 2019: €360 thousand), recorded in other non-current liabilities and other current liabilities. The intrinsic value of the exercisable option rights amounted to €0 thousand as at 31 December 2020 (31 December 2019: €203 thousand).

Fair value as at the end of the reporting period was calculated using the binomial option pricing model.

The inputs to the model were as follows:

	2020	2019
Weighted average exercise price per share (€)	8.27	8.44
Weighted average share price at the date of exercise for share options exercised during the period (€)	5.91	10.17
Spot share price (€)	6.00	8.89
Expected volatility based on historical data (%)	31.05	22.03
Expected dividend yield (%)	3.66	4.85
Expected life (years)	2.07	2.25
Risk free interest rate for HUF (%)	0.84	0.63

5 Value of services used

<i>in € thousands</i>	2020	2019
Transportation and storage expenses	63,515	53,496
Maintenance expenses	57,328	69,090
Commission fees paid	39,381	39,460
Services related to administration	18,226	12,743
Fees for the use of the electricity system	12,868	14,406
Chemical analysis of products and raw materials	7,858	7,597
Fire protection expenses	4,754	4,501
Costs of cleaning machinery and equipment	3,308	7,836
Traveling cost	204	1,046
Other	1,642	1,825
Total value of services used	209,084	212,000

6 Other operating expenses

<i>in € thousands</i>	2020	2019
Fees for ensuring the maintenance of emergency stocks of crude oil and oil products	52,531	58,375
Provision for greenhouse gas emission, net	25,775	17,527
Technology expert fees	8,042	8,821
Accounting, advisory and similar services fees	7,763	6,718
Cleaning costs and waste disposal	5,912	5,753
Taxes, duties and fees	5,821	4,325
Security expenses	4,610	4,153
Marketing costs	4,179	5,817
Insurance premium	3,973	3,692
Fees paid to financial institutions	2,376	2,709
Rental expenses	1,355	2,178
Gifts	1,278	568
Environmental provision (Note 19)	1,215	6,234
Environmental protection costs	810	1,344
Technical inspections of vehicles and railway cars	630	604
Expenses to liquidation of unneeded property, plant and equipment	614	724
Fines, penalties, damages and compensations for damages	575	674
Training expenses	532	1,191
Provision for doubtful receivables, write-off of receivables, net	288	-
Net loss from non-hedge commodity derivatives	-	20,282
Other	6,191	7,772
Total other operating expenses	134,470	159,461

The expenses for services provided by auditors were as follows:

<i>in € thousands</i>	2020	2019
Audit of the financial statements	113	121
Other assurance services	40	37
Total	153	158

7 Finance revenues and expenses**Accounting policies**

Interest is recognized on a time-proportionate basis that reflects the effective yield on the related asset. Dividends due are recognized when the shareholders' right to receive payment is established. Changes in the fair value of derivatives not qualifying for hedge accounting are reflected in the profit/loss in the period the change occurs.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

<i>in € thousands</i>	2020	2019
Net foreign exchange gain on receivables and payables	4,677	-
Net gain from derivatives	3,000	1,718
Dividends	981	3,372
Interest revenue	336	338
Net foreign exchange gain on cash and cash equivalents	50	-
Other	24	14
Total finance revenues	9,068	5,442
Interest expense on borrowings	(1,523)	(1,356)
Interest expense on provisions (Note 19)	(1,481)	(1,729)
Impairment of financial assets measured at fair value through other comprehensive income	(10)	-
Net foreign exchange loss on receivables and payables	-	(2,996)
Net foreign exchange loss on cash and cash equivalents	-	(476)
Impairment of investments in subsidiaries	-	(452)
Other	(19)	(9)
Total finance expenses	(3,033)	(7,018)
Finance revenues/(expenses), net	6,035	(1,576)

8 Income taxes

Accounting policies

The income tax charge consists of current and deferred taxes.

The current income tax is based on taxable profit for the period. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are never taxable or deductible or are taxable or deductible in other periods.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and tax losses when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

At each end of the reporting period, the Company re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilized.

Current and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including an adjustment to the opening balance of reserves resulting from a change in accounting policy that is applied retrospectively.

Total applicable income taxes reported in these separate financial statements in 2020 and 2019 include the following components:

<i>in € thousands</i>	2020	2019
Current corporate income tax	6	32
Deferred corporate income tax	(20,178)	10,156
Total income tax expense	(20,172)	10,188

In 2020, the applicable corporate income tax rate on the taxable income of the Company was 21% (2019: 21%).

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

The deferred tax balances as at 31 December 2020 and 2019 and movements in 2020 and 2019 were as follows:

<i>in € thousands</i>	1 January 2020	Recognized in profit/ (loss)	Recognized in other comprehen- sive income	31 December 2020
Property, plant and equipment and intangible assets	(126,736)	22,171	-	(104,565)
Provisions	13,576	558	5	14,139
Lease liabilities	13,885	598	-	14,483
Tax losses carried forward	7,194	(1,805)	-	5,389
Other	9,023	(1,344)	-	7,679
Total	(83,058)	20,178	5	(62,875)

<i>in € thousands</i>	1 January 2019	Recognized in profit/ (loss)	Recognized in other comprehen- sive income	31 December 2019
Property, plant and equipment and intangible assets	(97,119)	(29,617)	-	(126,736)
Provisions	13,003	523	50	13,576
Lease liabilities	1,267	12,618	-	13,885
Tax losses carried forward	90	7,104	-	7,194
Other	9,807	(784)	-	9,023
Total	(72,952)	(10,156)	50	(83,058)

In 2020, the Company utilized the cumulative tax losses in the amount of €8,555 thousand (2019: €0 thousand).

The Company has recognized deferred tax assets in the amount of €5,389 thousand as at 31 December 2020 (31 December 2019: €7,194 thousand) to cumulative tax losses that is available to offset against future taxable profits. These tax losses can be utilized during 2021 - 2023.

The Company does not record any temporary differences associated with investments in subsidiaries and associates, for which a deferred tax liability has not been recognized.

The reconciliation between the reported income tax expense and the theoretical amount that would arise using the standard tax rates is as follows:

<i>in € thousands</i>	2020	2019
Profit/(loss) before tax	(102,058)	27,416
Tax at the applicable tax rate 21% (2019: 21%)	(21,432)	5,757
Permanent differences	1,250	4,335
Adjustments in respect of current income tax of previous periods	-	9
Adjustments in respect of deferred income tax of previous periods	8	-
Effect of write-off of deferred tax assets without affecting of current income tax	3	-
Effect of write-off of deferred tax assets to expired tax losses	-	90
Effect of different tax rates	(1)	(3)
Total income tax expense	(20,172)	10,188
Effective tax rate (%)	(19.76)	37.16

9 Intangible assets and property, plant and equipment

9.1 Intangible assets

Accounting policies

Intangible assets acquired separately are capitalized at cost and from a business acquisition are capitalized at fair value as at the date of acquisition. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliably.

Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortization is charged on assets with a finite useful life over the best estimate of their useful lives using the straight line method. The amortization period and the amortization method are reviewed annually at the end of the period. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against income in the year in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the

cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Costs in development stage cannot be amortized. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the period indicating that the carrying value may not be recoverable.

Greenhouse gas emissions

The Company receives free emission rights as a result of the European Emission Trading Schemes. The rights are received on an annual basis and in return the Company is required to remit rights equal to its actual emissions. The Company has adopted a net liability approach to the emission rights granted. Under this method the granted emission rights are measured at nil and a provision is only recognized when actual emissions exceed the emission rights granted. Where emission rights are purchased from third parties, they are treated as a reimbursement right. The emission rights are initially recorded at cost, and subsequently remeasured to fair value using quoted prices. Any gains or losses arising from changes in fair value are taken directly to profit/loss.

<i>in € thousands</i>	Emission rights	Rights	Software	Total
Cost				
1 January 2019	119	35,710	64,231	100,060
Additions	14,616	1	2,834	17,451
Revaluation	55	-	-	55
Disposals	(14,434)	(11)	(1,431)	(15,876)
Transfers	-	-	240	240
31 December 2019	356	35,700	65,874	101,930
Additions	17,377	499	3,135	21,011
Disposals	(17,733)	-	(110)	(17,843)
Transfers	-	-	21	21
31 December 2020	-	36,199	68,920	105,119
Amortization and impairment				
1 January 2019	-	26,784	51,577	78,361
Amortization	-	571	3,101	3,672
Reversal of impairment	-	-	(4)	(4)
Disposals	-	(11)	(1,389)	(1,400)
Transfer	-	-	96	96
31 December 2019	-	27,344	53,381	80,725
Amortization	-	553	3,170	3,723
Disposals	-	-	(74)	(74)
31 December 2019	-	27,897	56,477	84,374
Net book value				
31 December 2020	-	8,302	12,443	20,745
31 December 2019	356	8,356	12,493	21,205
1 January 2019	119	8,926	12,654	21,699

Software is being amortized evenly over its useful economic life. The Company has no intangible assets with an indefinite useful life.

9.2 Property, plant and equipment

Accounting policies

Property, plant and equipment are stated at historical cost (or the carrying value of the assets determined as at 1 May 1992) less accumulated depreciation, depletion and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit/loss for the period.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs. Estimated decommissioning and site restoration costs are capitalized either upon initial recognition or, if decision on decommissioning is made subsequently, at the time of the decision. Changes in estimates thereof adjust the carrying amount of assets. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhead

costs (except for periodic maintenance and inspection costs), are normally charged to the profit/loss in the period in which the costs are incurred. Periodic maintenance and inspection costs are capitalized as a separate component of the related assets.

Construction in progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant asset is available for use.

Land owned at the date of the establishment of the Company has been stated at the values attributed to it in the legislation incorporating the Company. These values are treated as cost. Land is carried at cost less any impairment provisions. Land is not depreciated.

<i>in € thousands</i>	Land and buildings	Machinery and equipment	Other	Construction in progress	Total
Cost					
1 January 2019	1,360,037	2,065,424	125,414	105,635	3,656,510
Additions	177	1,649	13	225,971	227,810
Put to use	44,819	148,271	16,510	(209,600)	-
Disposals	(500)	(18,733)	(7,315)	(414)	(26,962)
Transfers	-	-	(96)	(144)	(240)
31 December 2019	1,404,533	2,196,611	134,526	121,448	3,857,118
Additions	-	192	-	128,433	128,625
Put to use	58,740	60,544	19,163	(138,447)	-
Disposals	(1,973)	(18,082)	(3,853)	(47)	(23,955)
Transfers	1	1	1	(24)	(21)
31 December 2020	1,461,301	2,239,266	149,837	111,363	3,961,767
Depreciation and impairment					
1 January 2019	607,641	1,503,746	70,902	3,659	2,185,948
Depreciation	43,930	93,304	19,748	-	156,982
Impairment	116	-	-	-	116
Reversal of impairment	(39)	-	(2)	(164)	(205)
Disposals	(413)	(18,288)	(7,071)	(391)	(26,163)
Transfers	10	-	(106)	-	(96)
31 December 2019	651,245	1,578,762	83,471	3,104	2,316,582
Depreciation	63,036	102,697	19,682	-	185,415
Impairment	2	-	-	-	2
Reversal of impairment	(172)	-	-	(116)	(288)
Disposals	(1,905)	(17,954)	(3,611)	-	(23,470)
Transfers	(2)	1	1	-	-
31 December 2020	712,204	1,663,506	99,543	2,988	2,478,241
Net book value					
31 December 2020	749,097	575,760	50,294	108,375	1,483,526
31 December 2019	753,288	617,849	51,055	118,344	1,540,536
1 January 2019	752,396	561,678	54,512	101,976	1,470,562

Borrowing costs

Accounting policies

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest costs.

Cost of property, plant and equipment includes borrowing costs that are directly attributable to the acquisition of certain items of property, plant and equipment. In 2020 and 2019, the Company did not capitalize borrowing costs for acquisition of property, plant and equipment as IAS 23 conditions for capitalization were not fulfilled. In 2020, the Company capitalized borrowing cost from general purpose borrowings at capitalization rate of 0.21% (2019: 0.69%).

Government grants

Accounting policies

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit/loss over the expected useful life of the relevant asset by equal annual installments.

Property, plant and equipment includes assets with the carrying value of €9,432 thousand (31 December 2019: €10,056 thousand) financed from the government grants (Note 20). Part of these assets was designed and constructed to serve state authorities, including military forces, in state emergencies. In such situations title to these assets may be restricted.

Insurance

Property, plant and equipment is insured in the amount of €5,301,675 thousand. The insurance covers all risks of direct material losses or damages, including machinery and equipment failure. In 2020, the Company obtained compensations from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit/loss in amount of €1,474 thousand (2019: €98 thousand).

9.3 Leased assets

Accounting policies

The determination whether an arrangement contains or is a lease depends on the substance of the arrangement at inception date. If fulfillment of the arrangement depends on the use of a specific asset or conveys the right to use the asset, it is deemed to contain a lease element and is recorded accordingly.

The Company recognizes the right-of-use assets and lease liabilities for most leases.

The Company measures the right-of-use asset at cost, less accumulated depreciation and any accumulated impairment losses. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, otherwise the Company as lessee applies incremental borrowing rate. The lease liability is measured subsequently using the effective interest rate method.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

The Company presents right-of-use assets from leases in 'Intangible assets' and 'Property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Intangible assets and property, plant and equipment acquired on lease:

<i>in € thousands</i>	Rights	Land and buildings	Machinery and equipment	Other	Total
Cost					
1 January 2019	65	36,205	8,293	33,235	77,798
Additions	-	1,697	388	1,917	4,002
Disposals	-	(44)	(19)	(105)	(168)
31 December 2019	65	37,858	8,662	35,047	81,632
Additions	32	4,390	412	12,028	16,862
Disposals	(65)	(2)	(8)	(408)	(483)
31 December 2020	32	42,246	9,066	46,667	98,011
Amortization/Depreciation and impairment					
1 January 2019	16	262	2,729	80	3,087
Amortization/Depreciation	13	2,613	1,201	9,698	13,525
Disposals	-	(39)	(2)	(1)	(42)
31 December 2019	29	2,836	3,928	9,777	16,570
Amortization/Depreciation	13	2,369	1,252	10,162	13,796
Disposals	(41)	-	(8)	(217)	(266)
31 December 2020	1	5,205	5,172	19,722	30,100
Net book value					
31 December 2020	31	37,041	3,894	26,945	67,911
31 December 2019	36	35,022	4,734	25,270	65,062
1 January 2019	49	35,943	5,564	33,155	74,711

9.4 Depreciation, depletion and amortization

Accounting policies

Depreciation of each component of intangible assets and property, plant and equipment is computed on a straight-line basis over their respective useful lives. Usual periods of useful lives for different types of intangible assets and property, plant and equipment are as follows:

Software:	3 – 5 years
Buildings:	30 – 50 years
Machinery and equipment:	8 – 20 years
Other fixed assets:	4 – 8 years

Amortization of leased assets is provided using the straight-line method over the term of the respective lease or the useful life of the asset, whichever period is less. Periodic maintenance and inspection costs are depreciated until the next similar maintenance takes place.

The useful life and depreciation methods are reviewed at least annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of intangible assets and property, plant and equipment.

Review of useful lives and residual values of intangible assets and property, plant and equipment

The Company annually reviews the estimated useful lives and residual values of intangible assets and property, plant and equipment. The financial effect of the annual review represents following increase/(decrease) of depreciation expense in 2020 and in following years:

<i>in € thousands</i>	2020	2021	2022	2023	2024	After 2024
Depreciation, depletion, amortization and impairment	16,665	2,117	164	(573)	(979)	(17,394)

9.5 Impairment of intangible assets and property, plant and equipment

Accounting policies

Intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized in the profit/loss for the period for items of intangibles and property, plant and equipment carried at cost. The

recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated net future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not practicable, for the cash-generating unit. The Company assesses at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the impairment assumptions considered when the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor is higher than its carrying amount net of depreciation, had no impairment loss been recognized in prior years.

Critical accounting estimates and judgements

The impairment calculation requires an estimate of the 'value in use' of the cash-generating units. Such value is measured based on discounted projected cash flows. The most significant variables in determining cash flows are discount rates, terminal values, the period for which cash flow projections are made, as well as the assumptions and estimates used to determine the cash inflows and outflows. Impairment loss, as well as reversal of impairment loss is recognized in the profit/loss for the period.

Based on the estimate of value in use the Company has recorded revenue from reversal of impairment of intangible assets and property, plant and equipment of €286 thousand in 2020 (2019: €93 thousand) (Note 9.1 and 9.2).

10 Investments in subsidiaries

Accounting policies

Subsidiary is an entity over which the Company has control. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are recognized in carrying value representing acquisition cost less potential accumulated losses of impairment. Acquisition cost of investments in subsidiaries is the purchase price of acquired securities or shares.

Investments in subsidiaries are subject of impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount has to be determined and compared with net investment. If the recoverable amount is materially or permanently lower than net investment, impairment should be recorded. If the recoverable amount is materially or permanently higher than net investment, impairment reversal should be recorded.

Company name	Country	Range of activity	Ownership 2020 %	Ownership 2019 %	Net book value 2020 € thousands	Net book value 2019 € thousands
APOLLO Rafinéria, s.r.o.	Slovakia	Wholesale	100.00	100.00	7	7
MOL GBS Slovakia, s. r. o.	Slovakia	Accounting and financial services	100.00	100.00	12	12
MOL IT & Digital GBS Slovakia, s. r. o.	Slovakia	Information technology services	100.00	100.00	5	5
Slovnaft Mobility Services, s. r. o.	Slovakia	Advertising and marketing services	100.00	100.00	900	900
SLOVNAFT MONTÁŽE A OPRAVY a.s.	Slovakia	Repairs & maintenance	100.00	100.00	1,230	1,230
Slovnaft Polska S.A.	Poland	Wholesale	100.00	100.00	38,463	38,463
SLOVNAFT TRANS a.s.	Slovakia	Transport	100.00	100.00	2,048	2,048
VÚRUP, a.s.	Slovakia	Research & development	100.00	100.00	2,594	2,594
SWS spol. s r.o.	Slovakia	Transport support services	100.00	51.15	768	393
Total investments in subsidiaries					46,027	45,652

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020**

Equity and profit/loss of subsidiaries were as follows:

Company name	Equity 2020 € thousands	Equity 2019 € thousands	Profit/(loss) 2020 € thousands	Profit/(loss) 2019 € thousands
APOLLO Rafinéria, s.r.o.	-	6	-	-
MOL GBS Slovakia, s. r. o.	496	254	242	244
MOL IT & Digital GBS Slovakia, s. r. o.	288	89	199	84
Slovnaft Mobility Services, s .r. o.	431	609	(178)	(232)
SLOVNAFT MONTÁŽE A OPRAVY a.s.	4,132	3,504	628	1,642
Slovnaft Polska S.A.	49,158	52,508	145	3,903
SLOVNAFT TRANS a.s.	4,040	3,441	599	(135)
VÚRUP, a.s.	4,490	4,432	768	790
SWS spol. s r.o.	428	457	(29)	(555)
Total investments in subsidiaries	63,463	65,300	2,374	5,741

The activities of the undertakings shown above are for the most part connected with the principal activity of the Company. No subsidiary is listed on stock exchange.

Development of the Company's interest in subsidiaries:

in € thousands	Acquisition cost	Impairment	Net book value
1 January 2019	57,304	(11,205)	46,099
Additions	5	-	5
Impairment	-	(452)	(452)
31 December 2019	57,309	(11,657)	45,652
Additions	375	-	375
31 December 2020	57,684	(11,657)	46,027

On January 9, 2020, the Company became a 100% owner of the company SWS spol. s r. o.

11 Investments in associated companies**Accounting policies**

Associated company is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associated companies are recognized in carrying value representing acquisition cost less potential accumulated losses of impairment. Acquisition cost of investments in associated companies is the purchase price of acquired securities or shares.

Investments in associated companies are subject of impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount has to be determined and compared with net investment. If the recoverable amount is materially or permanently lower than net investment, impairment should be recorded. If the recoverable amount is materially or permanently higher than net investment, impairment reversal should be recorded.

Company name	Country	Range of activity	Ownership 2020 %	Ownership 2019 %	Net book value 2020 € thousands	Net book value 2019 € thousands
Messer Slovnaft s.r.o.	Slovakia	Production of technical gases	49.00	49.00	1,671	2,161
MOL CZ Downstream Investment B.V.	The Netherlands	Financial services	45.00	45.00	68,350	68,350
MEROCO, a.s.	Slovakia	Production and sale of biofuels	25.00	25.00	1,407	1,407
Total investments in associated companies					71,428	71,918

No associated company is listed on stock exchange.

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020**

MOL CZ Downstream Investment B.V. is the parent company of MOL Česká republika, s.r.o. and covers the retail business of oil products in the Czech Republic.

The Company purchases from Messer Slovnaft s.r.o. nitrogen and from MEROCO, a.s. components to biofuels.

Development of the Company's interest in associated companies:

<i>in € thousands</i>	Acquisition cost	Impairment	Net book value
1 January 2019	71,918	-	71,918
31 December 2019	71,918	-	71,918
Paid reduction of registered capital in Messer Slovnaft s.r.o.	(490)	-	(490)
31 December 2019	71,428	-	71,428

Assets, equity, liabilities, revenues and profit/loss of associated companies were as follows:

2020 <i>in € thousands</i>	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	5,348	3,865	1,483	4,610	483
MOL CZ Downstream Investment B.V.	225,136	225,117	19	-	(73)
MEROCO, a.s.	47,674	18,932	28,742	115,638	2,278
Total	278,158	247,914	30,244	120,248	2,688

2019 <i>in € thousands</i>	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	6,036	4,943	1,093	4,972	561
MOL CZ Downstream Investment B.V.	225,228	225,190	37	70,182	70,121
MEROCO, a.s.	45,522	16,654	28,868	112,584	2,054
Total	276,786	246,787	29,998	187,738	72,736

The Company provided long-term loan to MEROCO, a.s. (Note 12). The loan along with other liabilities of MEROCO, a.s. are subordinated to the bank loans provided to the company. Repayment of the loan principal and payment of extraordinary dividend are subject to the bank's prior approval.

12 Other non-current assets

<i>in € thousands</i>	2020	2019
<i>Other non-current financial assets</i>		
Long-term loans granted	450	2,168
Other	-	86
Total other non-current financial assets	450	2,254
<i>Other non-current non-financial assets</i>		
Advance payments for assets under construction	1,070	1,961
Other	254	4
Total other non-current non-financial assets	1,324	1,965
Total other non-current assets	1,774	4,219

Long-term loans granted as at 31 December 2020 and 2019 consist of the following items:

<i>in € thousands</i>	Currency	Maturity	Weighted average interest rate (%)		2020	2019
Unsecured loan granted	EUR	2021	0.85	0.85	2,233	2,203
Unsecured loan granted	EUR	2025	1.90	-	452	-
Unsecured loan granted	EUR	2021	1.97	1.97	30	30
Unsecured loan granted	EUR	-	-	1.15	-	2,146
Total long-term loans granted					2,715	4,379
Current portion of long-term loans (Note 15)					(2,265)	(2,211)
Total long-term loans granted, net of current portion					450	2,168

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

The loans were provided to the companies of SLOVNAFT Group and to the associated company MEROCO, a.s. for financing of the investment projects and working capital.

<i>in € thousands</i>	2020	2019
Other non-current financial assets	450	2,254
Provision to other non-current financial assets	-	-
Total other non-current financial assets	450	2,254

13 Inventories

Accounting policies

Inventories, including work-in-progress are valued at the lower of cost and net realizable value, after provision for slow-moving and obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of making the sale. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Cost of purchased goods, including crude oil, is determined primarily using the FIFO method. The acquisition cost of own produced inventory consists of direct materials, direct wages and the appropriate portion of production overhead expenses including royalty but excludes borrowing costs. Unrealizable inventory is fully written off.

<i>in € thousands</i>	Cost 2020	Book value 2020	Cost 2019	Book value 2019
Raw materials	50,870	49,349	43,464	42,217
Purchased crude oil	53,421	53,421	43,201	43,201
Work in progress and semi-finished goods	76,038	76,038	101,417	99,826
Finished goods	67,649	67,649	104,198	101,188
Goods for resale	9,946	9,918	9,607	9,564
Total inventories	257,924	256,375	301,887	295,996

Movements in the provision for inventories were as follows:

<i>in € thousands</i>	2020	2019
At the beginning of the period	5,891	6,618
Additions	27,021	15,740
Reversal	(244)	(73)
Use	(31,119)	(16,394)
At the end of the period	1,549	5,891

14 Trade receivables

Accounting policies

Receivables are initially recognized at fair value less transaction costs and subsequently measured at amortized cost less any allowance for impairment of doubtful receivables. A provision for impairment is made for expected credit losses and when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired receivables are derecognized when they are assessed as uncollectible.

If collection of trade receivables is expected within the normal business cycle which is one year or less, they are classified as current assets. If not, they are presented as non-current assets.

<i>in € thousands</i>	2020	2019
Trade receivables	224,657	326,579
Provision for doubtful trade receivables	(2,685)	(2,818)
Total trade receivables	221,972	323,761

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Movements in the provision for doubtful trade receivables were as follows:

<i>in € thousands</i>	2020	2019
At the beginning of the period	2,818	4,819
Additions	1,924	299
Reversal	(1,642)	(1,611)
Amounts written off	(412)	(689)
Currency differences	(3)	-
At the end of the period	2,685	2,818

The Company did not have any impairment booked to receivables to related parties as at 31 December 2020 and 2019, neither booked any impairment to receivables to related parties during 2020 and 2019.

15 Other current assets

<i>in € thousands</i>	2020	2019
<i>Other current financial assets</i>		
Short-term loans granted	242,498	24,600
Collateral granted regarding derivative transactions	5,400	503
Current portion of long-term loans granted (Note 12)	2,265	2,211
Receivables from dividends	1,536	825
Financial collaterals granted	328	585
Other	57	66
Total other current financial assets	252,084	28,790
Financial assets measured at fair value through profit or loss - derivatives	15,041	521
<i>Other current non-financial assets</i>		
Receivables from VAT, duties and other taxes	11,288	24,068
Receivables from excise taxes	7,297	6,615
Advances	3,472	5,039
Prepaid expenses	804	1,719
Other	324	288
Total other current non-financial assets	23,185	37,729
Total other current assets	290,310	67,040

Short-term loans granted in amount of €242,498 thousand represent unsecured loans in EUR granted to the company MOL Group Finance S.A. under the intra-group financing scheme.

<i>in € thousands</i>	2020	2019
Other current financial assets	252,084	28,791
Provision to other current financial assets	-	(1)
Total other current financial assets	252,084	28,790

16 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include cash on hand, cash at banks, cash pool receivables, short-term bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturity less than three months from the date of acquisition and that are subject to an insignificant risk of change in value.

Cash pool liabilities and bank overdrafts repayable on demand, in case where the use of short-term overdrafts forms an integral part of the Company's cash management practices, are included as component of cash and cash equivalent for the purposes of cash flow statement.

2020 <i>in € thousands</i>	EUR	PLN	USD	CZK	Total
Cash at bank	2,783	-	27	10,936	13,746
Short-term bank deposits	-	4,332	-	-	4,332
Cash on hand	8,160	-	-	-	8,160
Total cash and cash equivalents	10,943	4,332	27	10,936	26,238

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

2019 <i>in € thousands</i>	EUR	PLN	USD	CZK	Total
Cash at bank	59,423	-	4,536	14,305	78,264
Short-term bank deposits	1,075	5,580	-	-	6,655
Cash on hand	7,946	-	-	-	7,946
Other cash equivalents	21	-	-	-	21
Total cash and cash equivalents	68,465	5,580	4,536	14,305	92,886

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

<i>in € thousands</i>	2020	2019	2018
Cash at bank	13,746	78,264	31,335
Short-term bank deposits	4,332	6,655	7,951
Cash on hand	8,160	7,946	9,908
Other cash equivalents	-	21	56
Overdrafts	(2,268)	-	-
Total cash and cash equivalents	23,970	92,886	49,250

17 Equity

Accounting policies

Dividends

Dividends are recorded in the period in which they are approved by the Annual General Meeting.

Other components of equity

Other components of equity represent items charged or credited to other comprehensive income.

Actuarial gains and losses

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions for pension plans. Actuarial gains and losses are transferred to retained earnings on annual basis.

Fair valuation reserve

The fair valuation reserve includes the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income.

17.1 Share capital

The Company's authorized share capital is 20,625,229 ordinary shares (31 December 2019: 20,625,229) with a par value of €33.20 each. All these shares are issued and fully paid. All issued shares grant same rights.

Share of the major shareholders of the Company on share capital:

	2020 € thousands	2020 %	2019 € thousands	2019 %
MOL Nyrt.	684,758	100.0	684,758	100.0
Total	684,758	100.0	684,758	100.0

17.2 Retained earnings

Legal reserve fund

Retained earnings comprise the legal reserve fund of €136,952 thousand (31 December 2019: €136,952 thousand). This has been set up in accordance with the Slovak legislation to cover potential future losses. The legal reserve fund is not distributable.

Distributable reserves

Reserves available for distribution to the shareholders as at 31 December 2020 were €480,466 thousand (31 December 2019: €463,238 thousand).

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Distribution of profit from the previous accounting period

The profit of the previous accounting period in the amount of €17,228 thousand was transferred to retained earnings.

Dividends

In 2020, no dividend payment was approved.

17.3 Other components of equity

<i>in € thousands</i>	2020	2019
Fair value change of financial assets measured at fair value through other comprehensive income	2,330	2,330
Other components of equity	2,330	2,330

Movements in the actuarial gains/(losses) on defined benefit pension plans charged or credited to other comprehensive income were as follows:

<i>in € thousands</i>	2020	2019
At the beginning of the period	-	-
Actuarial gains/(losses) on defined benefit pension plans	(26)	(238)
Income tax related to actuarial gains/(losses) on defined benefit pension plans	5	50
Reclassification of actuarial gains/(losses) on defined benefit pension plans to retained earnings	21	188
At the end of the period	-	-

18 Borrowings

Accounting policies

All loans and borrowings are initially recognized at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net in the profit/loss for the period when the liabilities are derecognized, as well as through the amortization process, except to the extent they are capitalized as borrowing costs.

18.1 Long-term debt

<i>in € thousands</i>	Currency	2020	2019
Lease liabilities	EUR	68,969	66,120
Total long-term debt		68,969	66,120
Current portion of long-term debt		(13,654)	(13,073)
Total long-term debt, net of current portion		55,315	53,047

The minimum lease payments and the present value of the minimum lease payments are as follows:

<i>in € thousands</i>	Minimum lease payments 2020	Present value of minimum lease payments 2020	Minimum lease payments 2019	Present value of minimum lease payments 2019
Up to 1 year	13,975	13,654	13,138	13,073
From 1 to 5 years	32,110	28,404	30,975	27,526
Over 5 years	31,735	26,911	31,232	25,521
Total minimum lease payments	77,820	68,969	75,345	66,120
Less amounts of financial charges	(8,851)	-	(9,225)	-
Present value of minimum lease payments	68,969	68,969	66,120	66,120

18.2 Short-term debt

<i>in € thousands</i>	Mena	2020	2019
Unsecured bank loan	EUR	213,036	10,001
Overdrafts	EUR	2,268	-
Total short-term debt		215,304	10,001

18.3 Reconciliation of liabilities arising from financing activities

<i>in € thousands</i>	Long-term bank borrowings	Long-term non-bank borrowings	Short-term bank borrowings	Short-term non-bank borrowings
1 January 2020	-	66,120	10,001	-
<u>Cash flows</u>				
Changes in cash flows *	-	(13,580)	203,000	-
Changes in cash and cash equivalents (Note 16)	-	-	2,268	-
<u>Non-cash changes</u>				
Lease additions	-	16,429	-	-
Other changes **	-	-	35	-
31 December 2020	-	68,969	215,304	-

<i>in € thousands</i>	Long-term bank borrowings	Long-term non-bank borrowings	Short-term bank borrowings	Short-term non-bank borrowings
1 January 2019	-	75,252	10,001	-
<u>Cash flows</u>				
Changes in cash flows *	-	(13,090)	-	-
<u>Non-cash changes</u>				
Lease additions	-	4,002	-	-
Other changes **	-	(44)	-	-
31 December 2019	-	66,120	10,001	-

* The cash flows are recognized in the net amount of proceeds and repayments of borrowings in the statement of cash flows.

** Other changes include interest and fee accruals and payments.

19 Provisions**Accounting policies**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is actually certain. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as an interest expense.

Provision for environmental expenditures

Liabilities for environmental costs are recognized when environmental clean-ups are probable and the associated costs can be reliably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required.

Provision for redundancy

The employees of the Company are eligible for redundancy payment immediately upon termination, pursuant to the Slovak law (Labor Code, § 63, ods.1, point a), b), c)) and the terms of the Collective Agreement between the Company and its employees. The amount of such a liability is recorded as a provision when the workforce reduction program is defined, announced and the conditions for its implementation are met.

Provision for retirement benefits

Pension plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions and will have no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Unfunded defined benefit pension plan

The Company operates benefit schemes that provide a lump sum benefit to all employees at the time of their retirement. The Company provides a maximum of up to 7 months of the average salary depending on the length of the service period.

The provision in respect of defined benefit pension plans is recognized at the end of the reporting period in the present value of the obligation which takes into account also adjustments for actuarial gains and losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Amendments to pension plans are charged or credited to the revenues and expenses in the period when incurred. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Actuarial gains and losses are transferred to retained earnings on annual basis.

None of these plans have separately administered funds; therefore there are no plan assets.

Defined contribution pension plans

The Company contributes to the government and private defined contribution pension plans.

The Company makes insurance contributions to the Government's social and public health insurance schemes based on the statutory base which constitutes taxable income of an employee from the employer. The cost of these statutory contributions made by the Company is charged to the profit/loss in the same period as the related personnel expenses.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme amounting to 3% - 6% (2019: 3% - 6%) from the total of monthly wage and compensations of an employee.

Termination benefits

Termination benefits are payable whenever an employee's 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 it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without a possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to the present value.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognized in other current liabilities and is paid out after the evaluation of the performance in the given year.

Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

Other

The Company also pays certain work and life jubilees benefits and disability benefits.

The provision in respect of work and life jubilees benefits plan is recognized at the end of the reporting period in the present value of the obligation which takes into account also adjustments for actuarial gains and losses. The work and life jubilees benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the work and life jubilees benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Amendments to work and life jubilees benefit plan and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the revenues and expenses in the period when incurred.

Greenhouse gas emissions

The Company recognizes provision for the estimated CO₂ emissions costs when actual emission exceeds the emission rights granted and still held. When actual emission exceeds the amount of emission rights granted,

provision is recognized for the exceeding emission rights based on the purchase price of allowance concluded in forward contracts or market quotations at the reporting date.

Critical accounting estimates and judgements

Environmental provisions

Regulations, especially environmental legislation does not exactly specify the extent of remediation work required or the technology to be applied. Management uses its previous experience and its interpretation of the respective legislation to determine the amount of environmental provision. Management estimates the future cash outflow associated with environmental and decommissioning liabilities using comparative prices, analogies to previous similar work and other assumptions. Furthermore, the timing of these cash-flows reflects managements' current assessment of priorities, technical capabilities and the urgency of fulfillment of such obligations.

Actuarial estimates applied for calculation of retirement benefit obligations

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality or fluctuation rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Outcome of certain litigations

The Company is party to a number of litigations, proceedings and civil actions arising in the ordinary course of business. Management uses its own judgment to assess the most likely outcome of these and a provision is recognized when necessary.

<i>in € thousands</i>	Environ- mental	Retirement benefits	Jubilee benefits	Other	Total
1 January 2019	44,000	15,145	2,773	14,564	76,482
Provision made during the period and revision of previous estimates	6,234	1,366	63	17,527	25,190
Unwinding of the discount (Note 7)	1,389	288	52	-	1,729
Transfer to MOL GBS Slovakia, s. r. o.	-	(843)	(138)	-	(981)
Transfer to MOL IT & Digital GBS Slovakia, s. r. o.	-	(578)	(82)	-	(660)
Provision used during the period	(3,845)	(853)	(324)	(14,434)	(19,456)
31 December 2019	47,778	14,525	2,344	17,657	82,304
Provision made during the period and revision of previous estimates	1,215	852	479	25,775	28,321
Unwinding of the discount (Note 7)	1,267	184	30	-	1,481
Provision used during the period	(3,603)	(592)	(322)	(17,733)	(22,250)
31 December 2020	46,657	14,969	2,531	25,699	89,856
Current portion at 31 December 2019	4,304	777	300	17,657	23,038
Non-current portion at 31 December 2019	43,474	13,748	2,044	-	59,266
Current portion at 31 December 2020	4,077	611	348	25,699	30,735
Non-current portion at 31 December 2020	42,580	14,358	2,183	-	59,121

Environmental provision

As at 31 December 2020 the Company operated 254 petrol stations and several warehousing capacities in the Slovak Republic. Some of these are not fully compliant with the current or future environmental legislation and environmental policy of the Company, including containment of evaporative losses on filling of the station tanks, treatment of effluent, and protection of soil and groundwater. The Company recognized environmental provisions of €544 thousand as at 31 December 2020 (31 December 2019: €536 thousand) to eliminate the deficiencies stated above.

The utilization of the provision related to petrol stations is expected to be during 2024. The provision related to non-compliant warehousing capacities is expected to be used in the years 2021 - 2032.

In accordance with its environment policies the Company recognized also a provision for the estimated costs of remediation of past environmental damage, primarily soil and groundwater contamination under the refinery site. The initial provision was made on the basis of assessments prepared by the Company's internal environmental audit team, while internal policies for determination of estimated costs for remediation of environmental burden including control processes were revised in 2006 and accepted by independent external audit company. The provision was determined on the basis of existing technology and current prices. Risk-weighted cash flows were discounted using the calculation method of estimated risk-free real interest rates. As at 31 December 2020 the

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

present value of liability related to the provision amounted to €46,113 thousand (31 December 2019: €47,242 thousand). The utilization of this provision is expected during the years 2021 - 2032.

The closing amount of the environmental provisions as at 31 December 2020 is €46,657 thousand (31 December 2019: €47,778 thousand).

Provision for retirement and jubilee benefits

As at 31 December 2020 the Company has recognized a provision for retirement benefits of €14,969 thousand (31 December 2019: €14,525 thousand) to cover its estimated obligation regarding future retirement benefits payable to current employees expected to retire.

According to provisions of § 76a of the Labor Code and the Collective Agreement for the period April 2018 - March 2021, the Company is obliged to pay its employees on the first termination of employment after entitlement to retirement pension (including early retirement) or invalidity pension (decrease earning capacity is more than 70%) on the basis of the application by an employee before termination of employment or within 10 days after the end of the one-time severance, which is a multiple of the average monthly salary of up to 7 average monthly earnings, based on the number of years worked. The minimum requirement of the Labor Code of one-month average salary payment on retirement or invalidity pension is already included in the above multiples. At the same time employees are entitled, for each year of service, to a benefit corresponding to the average daily price per share of MOL Nyrt. during last 24 months prior to the month when employment is terminated due to retirement of the employee.

The same or similar liability has been included in the agreements with the Trade Unions since 1992. The Company has created expectations on the part of its employees that it will continue to provide the benefits and it is the management's judgment that it is not realistic for the Company to cease providing them.

The amount of the provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data and are in line with those incorporated in the business plan of the Company.

In addition to provision for retirement the Company creates the provision for jubilee benefits. The amount of this provision as at 31 December 2020 represented €2,531 thousand (31 December 2019: €2,344 thousand).

Movements in the present value of total defined benefit obligation were as follows:

<i>in € thousands</i>	Retirement benefits		Jubilee benefits	
	2020	2019	2020	2019
At the beginning of the period	14,525	15,145	2,344	2,773
Past service cost	-	-	-	-
Current service cost	826	1,128	142	218
Unwinding of the discount	184	288	30	52
Provision used during the period	(592)	(853)	(322)	(324)
Actuarial (gains) and losses	26	238	337	(155)
Transfers	-	(1,421)	-	(220)
At the end of the period	14,969	14,525	2,531	2,344

Actuarial (gains) and losses for the year 2020 and 2019 comprised of the following items:

<i>in € thousands</i>	Retirement benefits		Jubilee benefits	
	2020	2019	2020	2019
Actuarial (gains) and losses arising from changes in demographic assumptions	399	(1,039)	142	(1,123)
Actuarial (gains) and losses arising from changes in financial assumptions	45	1,144	44	324
Actuarial (gains) and losses arising from experience adjustments	(418)	133	151	644
Total actuarial (gains) and losses	26	238	337	(155)

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

The following table summarizes the components of net benefit expense recognized in the profit/loss for the period as personnel expenses regarding provision for long-term employee retirement benefits:

<i>in € thousands</i>	2020	2019
Past service cost	-	-
Current service cost	968	1,346
Actuarial (gains) and losses	337	(155)
Net benefit expense (Note 4)	1,305	1,191

The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate (% p.a.)	0.96	0.60
Future salary increases (%)	2.00 - 3.00	2.00 - 3.00
Mortality index (male)	0.06 - 2.44	0.06 - 2.44
Mortality index (female)	0.02 - 0.98	0.02 - 0.98

Other provisions

Greenhouse gas emissions

Based on the Slovak National Allocation Plan the Company obtained quotas for greenhouse gas emission for 2020 in the amount of 1,310,346 tons of CO₂ (2019: 1,341,019 tons of CO₂). The actual volume of emissions released for 2020 was 2,193,994 tons of CO₂ (2019: 2,062,645 tons of CO₂). In the financial statements as for the year ended 31 December 2020 the Company created the provision in the amount of €22,529 thousand (31 December 2019: €17,657 thousand).

20 Other non-current liabilities

<i>in € thousands</i>	2020	2019
<u>Other non-current non-financial liabilities</u>		
Government grants (Note 9.2)	9,432	10,056
Deferred compensation for property, plant and equipment	4,120	4,708
Other	468	676
Total other non-current non-financial liabilities	14,020	15,440
Total other non-current liabilities	14,020	15,440

21 Trade payables and other current liabilities

<i>in € thousands</i>	2020	2019
<u>Trade payables and other current financial liabilities</u>		
Trade payables	348,192	536,281
Liabilities to shareholders (dividends)	1,547	1,560
Cash collateral received	1,257	1,306
Liabilities from matured unsettled derivative transactions	679	9
Other	939	1,328
Total trade payables and other current financial liabilities	352,614	540,484
Financial liabilities measured at fair value through profit or loss - derivatives	20,521	1,362
<u>Other current non-financial liabilities</u>		
Taxes, contributions payable, penalties	58,189	63,856
Amounts due to employees	13,962	16,351
Liabilities from loyalty scheme BONUS	5,770	5,895
Advances from customers	5,336	5,387
Public health and social insurance	3,196	3,158
Other	784	752
Total other current non-financial liabilities	87,237	95,399
Total trade payables and other current liabilities	460,372	637,245

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

The social fund payable is included in the other financial liabilities. The creation and use of the social fund during the period are shown in the table below:

in € thousands	2020	2019
At the beginning of the period	193	236
Legal creation through expenses	864	953
Use	(1,000)	(965)
Transfer to MOL GBS Slovakia, s. r. o. and MOL IT & Digital GBS Slovakia, s. r. o.	-	(31)
At the end of the period	57	193

22 Financial instruments

Accounting policies

Classification and measurements of financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, long-term receivables, loans, borrowings, investments, and bonds receivable and payable.

Financial instruments (including compound financial instruments) are classified as assets, liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability, are reported as expense or income as incurred. Distributions to holders of financial instruments classified as equity are charged directly to equity. In case of compound financial instruments the liability component is valued first, with the equity component being determined as a residual value. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Based on results of business model test and cash flow characteristics test, financial assets within the scope of IFRS 9 are classified as either financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The entity can make an irrevocable election at initial recognition to measure equity investments, which are not held for trading, at fair value through other comprehensive income with only dividend income recognized in profit or loss.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are those financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and 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 measured at amortized cost are initially recognized at fair value including directly attributable transaction costs. After initial measurement financial assets measured at amortized cost are subsequently carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit/loss for the period when the assets are derecognized or impaired, as well as through the amortization process.

Financial assets measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 fair value through other comprehensive income are initially recognized at fair value.

Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognized in profit and loss on the same basis as for Financial assets measured at amortized cost. Dividends from equity investments are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income.

Changes in fair value are recognized initially in other comprehensive income. When debt instruments are derecognized or reclassified, changes in fair value previously recognized in other comprehensive income and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at fair value through other comprehensive income having the same effect on profit and loss as if it were measured at amortized cost. Changes in fair value of equity investments recognized in other comprehensive income are never recycled to profit and loss, even if the asset is sold or impaired.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets which are not classified in any of the two preceding categories or financial instruments designated upon initial recognition as at fair value through profit or loss.

When financial assets at fair value through profit or loss are recognized initially, they are measured at fair value.

Changes in fair value are recognized in profit and loss as they arise.

Purchases and sales of investments are recognized on settlement date which is the date when the asset is delivered to the counterparty.

Fair value

Fair value of financial instruments is determined by reference to quoted market prices at the close of business on the last day of the reporting period without any deduction for transaction costs. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Derecognition of financial instruments

The derecognition of a financial asset takes place when the Company no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. When the Company neither transfers nor retains all the risks and rewards of the financial asset and continues to control the transferred asset, it recognizes its retained interest in the asset and a liability for the amounts it may have to pay. Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts to reduce its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit/loss for the period as financial income or expense.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Impairment of financial assets

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets measured at amortized cost or at fair value through other comprehensive income is impaired.

As a general approach, impairment losses on a financial asset or group of financial assets are recognized for expected credit losses at an amount equal to:

- 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The loss allowance for financial instruments is measured at an amount equal to full lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition. When the credit risk of the financial instrument is low at the reporting date (in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition) - 12-month expected credit losses can be applied for the measurement. The Company determines significant increase in credit risk in case of debt securities based on credit rating agency ratings. As there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due assessment is required on a case-by-case basis whether the credit risk significantly increased in that financial asset when such an event occurs.

Additionally, the Company applies the simplified approach to recognize full lifetime expected losses from origination for trade receivables and other financial receivables. For all other financial instruments, general approach is applied.

An entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Independently of the two approaches mentioned above, impairment losses recognized where there is an objective evidence on impairment due to a loss event and this loss event significantly impacts the estimated future cash flows of the financial asset or group of financial assets. These are required to be assessed on a case-by-case basis. The maximum amount of impairment accounted for by the Company is 100% of unsecured part of the financial asset. The amount of loss is recognized in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Critical accounting estimates and judgements

Fair valuation of financial instruments is performed by reference to quoted market prices or, in absence thereof, reflects the market's or the management's estimate on the future trend of key drivers of such values, including, but not limited to yield curves, foreign exchange and risk-free interest rates.

22.1 Reconciliation of financial instruments

Book value of financial instruments:

<i>in € thousands</i>	Notes	2020	2019
Other non-current financial assets	12	450	2,254
Trade receivables	14	221,972	323,761
Other current financial assets	15	252,084	28,790
Cash and cash equivalents	16	26,238	92,886
Financial assets measured at amortized cost		500,744	447,691
Financial assets measured at fair value through other comprehensive income - equity instruments (Level 2)		2,370	2,409
Financial assets measured at fair value through profit or loss - derivatives (Level 2)	15	15,041	521
Financial assets measured at fair value		17,411	2,930
Total financial assets		518,155	450,621

<i>in € thousands</i>	Notes	2020	2019
Long-term debt, net of current portion	18.1	55,315	53,047
Trade payables and other current financial liabilities	21	352,614	540,484
Short-term debt	18.2	215,304	10,001
Current portion of long-term debt	18.1	13,654	13,073
Financial liabilities measured at amortized cost		636,887	616,605
Financial assets measured at fair value through profit or loss – derivatives (Level 2)	21	20,521	1,362
Financial liabilities measured at fair value		20,521	1,362
Total financial liabilities		657,408	617,967

Fair value of financial instruments

Fair value of loans and receivables and financial liabilities valued at amortized cost does not significantly differ from its book value due to short time to its maturity and/or due to relation to floating interest rates.

Revenues, expenses and gains or losses from financial instruments recognized in profit/loss for the period

2020 <i>in € thousands</i>	Net gains/ (losses)	Interest income/ (expense)	(Loss)/ reversal of loss from impairment	Net fee income/ (expense)
Financial assets measured at amortized cost	(4,649)	336	(282)	(38)
Financial assets measured at fair value through other comprehensive income	-	-	(10)	-
Financial assets/liabilities measured at fair value through profit or loss	11,865	-	-	-
Financial liabilities measured at amortized cost	9,430	(1,523)	-	(2,315)
Total	16,646	(1,187)	(292)	(2,353)

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

2019 <i>in € thousands</i>	Net gains/ (losses)	Interest income/ (expense)	(Loss)/ reversal of loss from impairment	Net fee income/ (expense)
Financial assets measured at amortized cost	575	338	1,311	(26)
Financial assets measured at fair value through other comprehensive income	-	559	-	-
Financial assets/liabilities measured at fair value through profit or loss	(18,564)	-	-	-
Financial liabilities measured at amortized cost	(3,984)	(1,356)	-	(2,669)
Total	(21,973)	(459)	1,311	(2,695)

22.2 Managing risks of financial instruments

Following risks are related to financial instruments held:

- i) Credit risk,
- ii) Liquidity risk,
- iii) Market risk, which includes:
 - Interest rate risk,
 - Foreign currency risk,
 - Commodity risk.

Financial risk management function is centralized in the MOL Group. All risks are integrated and measured at the MOL Group level using Value at Risk concept. As a general approach, the risk management considers the business as well-balanced integrated portfolio and does not hedge particular elements of the commodity exposure, except for hedge of change in fair value of crude oil during the refinery maintenance periods and hedge of change in fair value of firm commitments for future purchase and sale of oil products.

The Company may enter into various types of forwards, swaps and options in managing its commodity, foreign exchange and interest rate risk resulting from cash flows from business activities and financing arrangements. In line with the Company's risk management policy, no speculative dealings are allowed. Any derivative transaction the Company may enter is under ISDA (International Swaps and Derivatives Association) agreements.

For the purpose of commodity derivatives and trades with CO₂ quotas, the Company agreed with MOL Commodity Trading Kft. on system of posting of financial collateral which is updated on weekly bases.

i) Credit risk

The Company provides a variety of customers with products and services, none of whom, based on volume and creditworthiness, present significant credit risk, individually or aggregated. The Company's procedure is to ensure that sales are made to customers with appropriate credit history and do not exceed an acceptable credit exposure limit.

Book value of financial assets and nominal value of guarantees granted reflect estimated maximum exposure to credit risk.

As at 31 December 2020 the Company recorded the financial assets that would otherwise be past due or impaired whose terms have been renegotiated in amount of €329 thousand (31 December 2019: €122 thousand).

Credit limits are secured by insurance, obtained bank guarantees, bills of exchange, letters of credit, pledge on financial assets, and property, plant and equipment. Nominal value of accepted guarantees related to loans and receivables represented €420,855 thousand as at 31 December 2020 (31 December 2019: €86,561 thousand). Fair value of accepted guarantees does not significantly differ from its nominal value.

The Company obtained compensations for impaired financial assets from insurance companies and financial institutions in the amount of €1,260 thousand in 2020 (2019: €320 thousand).

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Analysis of trade receivables:

2020 <i>in € thousands</i>	Nominal value	Provisions	Net book value
Not past due	210,714	132	210,582
Past due			
Up to 30 days	7,308	6	7,302
From 31 to 90 days	1,254	-	1,254
From 91 to 180 days	1,120	-	1,120
From 181 to 360 days	665	400	265
Over 361 days	3,596	2,147	1,449
Total trade receivables	224,657	2,685	221,972
2019 <i>in € thousands</i>	Nominal value	Provisions	Net book value
Not past due	310,933	159	310,774
Past due			
Up to 30 days	184	-	184
From 31 to 90 days	9,876	10	9,866
From 91 to 180 days	930	4	926
From 181 to 360 days	720	317	403
Over 361 days	3,936	2,328	1,608
Total trade receivables	326,579	2,818	323,761

ii) Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate number of credit facilities to cover the liquidity risk in accordance with its financing strategy.

The amounts of undrawn credit facilities as at 31 December 2020 and 2019 were as follows:

2020 <i>in € thousands</i>	Total credit facilities	Drawn loans	Customs guarantees	Other guarantees	Undrawn credit facilities
<u>Long-term credit facilities</u>					
Other	68,969	(68,969)	-	-	-
Total long-term credit facilities	68,969	(68,969)	-	-	-
<u>Short-term credit facilities</u>					
Other	369,100	(215,268)	(53,410)	(6,071)	94,351
Total short-term credit facilities	369,100	(215,268)	(53,410)	(6,071)	94,351
Total credit facilities	438,069	(284,237)	(53,410)	(6,071)	94,351
2019 <i>in € thousands</i>	Total credit facilities	Drawn loans	Customs guarantees	Other guarantees	Undrawn credit facilities
<u>Long-term credit facilities</u>					
Other	66,120	(66,120)	-	-	-
Total long-term credit facilities	66,120	(66,120)	-	-	-
<u>Short-term credit facilities</u>					
Other	315,100	(10,000)	(46,641)	(5,396)	253,063
Total short-term credit facilities	315,100	(10,000)	(46,641)	(5,396)	253,063
Total credit facilities	381,220	(76,120)	(46,641)	(5,396)	253,063

The undrawn credit facilities as at 31 December 2020 in the amount of €94,351 thousand were uncommitted (31 December 2019: €253,063 thousand).

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Analysis of liquidity risk:

2020 in € thousands	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss
On demand	35,034	-	17,274	-
Up to 1 month	136,555	7,491	409,896	6,539
From 1 to 3 months	112,045	276	122,326	6,859
From 3 to 12 months	216,660	7,274	30,762	7,123
From 1 to 5 years	450	-	28,404	-
Over 5 years	-	-	26,911	-
Without maturity	-	-	1,314	-
Total	500,744	15,041	636,887	20,521

2019 in € thousands	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss
On demand	99,622	-	7,836	-
Up to 1 month	232,724	43	343,754	123
From 1 to 3 months	107,509	1	200,002	40
From 3 to 12 months	4,660	477	10,467	1,199
From 1 to 5 years	2,339	-	27,526	-
Over 5 years	-	-	25,521	-
Without maturity	837	-	1,499	-
Total	447,691	521	616,605	1,362

Financial assets measured at fair value through other comprehensive income as at 31 December 2020 and 2019 represent capital instruments, which do not have determined maturity.

Maturity profile of the financial liabilities based on contractual undiscounted payments:

2020 in € thousands	Long-term debt	Trade payables and other current financial liabilities	Short-term debt	Financial liabilities measured at fair value through profit or loss	Total
On demand	-	17,274	-	-	17,274
Up to 1 month	3,087	211,597	195,304	6,539	416,527
From 1 to 3 months	650	121,743	-	6,859	129,252
From 3 to 12 months	10,238	686	20,000	7,123	38,047
From 1 to 5 years	32,110	-	-	-	32,110
Over 5 years	31,735	-	-	-	31,735
Without maturity	-	1,314	-	-	1,314
Total	77,820	352,614	215,304	20,521	666,259

2019 in € thousands	Long-term debt	Trade payables and other current financial liabilities	Short-term debt	Financial liabilities measured at fair value through profit or loss	Total
On demand	-	7,836	-	-	7,836
Up to 1 month	2,715	330,803	10,001	123	343,642
From 1 to 3 months	623	198,763	-	40	199,426
From 3 to 12 months	9,800	1,583	-	1,199	12,582
From 1 to 5 years	30,975	-	-	-	30,975
Over 5 years	31,232	-	-	-	31,232
Without maturity	-	1,499	-	-	1,499
Total	75,345	540,484	10,001	1,362	627,192

iii) Market risks*Interest rate risk*

The Company's policy is to ensure that no more than 50% of its exposure to changes in interest rates is on a fixed rate basis.

Sensitivity analysis of interest rate risk:

<i>in € thousands</i>	2020		2019	
	Increase/ (decrease) of interest rate (%)	Impact on profit before taxes	Increase/ (decrease) of interest rate (%)	Impact on profit before taxes
EURIBOR 1M (EUR)	0.25	(31)	0.25	19
EURIBOR 1M (EUR)	(0.25)	31	(0.25)	(19)
EURIBOR 3M (EUR)	0.25	18	0.25	-
EURIBOR 3M (EUR)	(0.25)	(18)	(0.25)	-
EURIBOR 6M (EUR)	0.25	(24)	-	-
EURIBOR 6M (EUR)	(0.25)	24	-	-

The estimated impact on profit before taxes is disclosed for the period of next 12 months.

Statistical methods were used for calculation of estimated marginal values of interest rates.

Foreign currency risk

The Company may enter into various types of foreign exchange contracts in managing its foreign currency risk resulting from cash flows from business activities and financing arrangements denominated in foreign currencies or certain transactional exposures.

The Company has a net long USD operating cash flow position. The Company's trading with oil products gives rise to a long USD cash flow exposure, while trading with crude oil gives rise to a short USD position.

The Company follows the basic economic currency risk management principle that the currency mix of the debt portfolio should reflect its net operating cash flow position, constituting a natural hedge.

Sensitivity analysis of foreign currency risk:

<i>in € thousands</i>	2020		2019	
	Increase/ (decrease) of exchange rate (%)	Impact on profit before taxes	Increase/ (decrease) of exchange rate (%)	Impact on profit before taxes
USD	5.1	(9,245)	5.6	(16,983)
USD	(4.7)	8,383	(5.1)	15,261
HUF	5.8	(32)	4.8	(1)
HUF	(5.2)	29	(4.3)	1
CZK	6.1	2,392	4.9	1,196
CZK	(5.4)	(2,133)	(4.5)	(1,089)
PLN	4.6	529	6.3	3,437
PLN	(4.2)	(485)	(5.6)	(3,054)

The estimated impact on profit before taxes is disclosed for the period of next 12 months.

Statistical methods were used for calculation of estimated marginal values of exchange rates.

Commodity risk

The Company is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks of the Company are the short crude oil position, long refinery margin position and long petrochemical margin position.

The Company uses short term commodity swap transactions for hedging commodity risk. The commodity swap transactions were traded with related MOL Commodity Trading Kft. The Company does not apply hedge accounting for these transactions.

22.3 Capital management

Capital of the Company is managed at the MOL Group level. The primary objective of the MOL Groups' capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The MOL Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the dividend payment to shareholders may be adjusted, capital returned to shareholders or new shares issued.

The MOL Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt equals to interest-bearing loans less cash and cash equivalents.

The structure of capital and net debt and gearing ratio for the Company is as follows:

<i>in € thousands</i>	2020	2019
Long-term debt, net of current portion	55,315	53,047
Short-term debt	215,304	10,001
Current portion of long-term debt	13,654	13,073
Less: cash and cash equivalents	(26,238)	(92,886)
Net debt	258,035	(16,765)
Equity	1,509,369	1,591,276
Capital and net debt	1,767,404	1,574,511
Gearing ratio (%)	14.60	(1.06)

23 Commitments and contingent liabilities

Accounting policies

Contingent assets are not recognized in the separate financial statements but disclosed in the Notes when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the separate financial statements unless they are acquired in a business combination. They are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Guarantees

The total value of guarantees granted as at 31 December 2020 is €2,330 thousand (31 December 2019: €2,371 thousand).

The guarantees granted are as follows:

Debtor	Purpose	2020	Guarantee € thousands
		Valid until	
SWS spol. s r.o.	customs guarantee	indefinite period	2,200
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	December 2022	130

Debtor	Purpose	2019	Guarantee € thousands
		Valid until	
SWS spol. s r.o.	customs guarantee	31 December 2020	2,200
ADOM. M STUDIO, s.r.o.	loan	14 December 2020	41
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	7 November 2020	130

Capital and contractual commitments

The total value of capital commitments as at 31 December 2020 is €47,083 thousand (31 December 2019: €81,656 thousand) and relates to obligations to purchase property, plant and equipment in the amount of €44,473

thousand (31 December 2019: €79,470 thousand) and intangible assets in the amount of €2,610 thousand (31 December 2019: €2,186 thousand).

Other inspections

The Company is subject to various inspections performed by the state authorities. Although the Company cannot exclude that any of these proceedings discovers irregularities in its activities based on which the Company could be penalized, the management cannot determine any amount for which a provision should be recognized because of such proceedings. Due to that reason, there was no provision booked for that purpose as at 31 December 2020.

Environmental liabilities

The Company's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. The Company is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, the Company has established a provision of €46,657 thousand for the estimated cost as at 31 December 2020 (31 December 2019: €47,778 thousand) for probable and quantifiable costs of rectifying past environmental damage (Note 19). Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

24 Earnings per share

Accounting policies

Basic earnings per share are calculated by dividing the profit/loss for the period attributable to ordinary shareholders (profit/loss for the period less dividends on preference shares) by the weighted average number of ordinary shares outstanding during the period.

The Company does not have any potential ordinary shares and therefore the diluted earnings per share are the same as the basic earnings per share.

	2020	2019
Profit/(loss) for the period (€ thousands)	(81,886)	17,228
Weighted average number of shares	20,625,229	20,625,229
Basic/diluted earnings/(loss) per share (€)	(3.97)	0.84

25 Related party transactions

The Company is controlled by MOL Nyrt. Following the integration process within the MOL Group the Company undertook significant transactions with other companies within the MOL Group.

Mr. Oszkár Világi, Chairman of the Company's Board of Directors and C-CEO, is a partner in the legal company RUŽIČKA AND PARTNERS s. r. o.

Mr. Marek Senkovič, CEO of the Company, is a member of the Board of Directors at Agentúra pre núdzové zásoby ropy a ropných výrobkov.

Companies reported as other related parties are under the controlling influence of the key management members.

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020***The transactions with related parties:*

<i>in € thousands</i>	2020	2019
<u><i>Sales - products, goods and materials</i></u>		
SLOVNAFT Group	133,316	152,769
MOL Group (w/o SLOVNAFT Group companies)	502,244	752,485
Associated companies	398,167	531,468
Agentúra pre núdzové zásoby ropy a ropných výrobkov	31,795	88,872
Other related parties	65	79
<u><i>Sales - services and other operating revenues</i></u>		
SLOVNAFT Group	4,380	3,829
MOL Group (w/o SLOVNAFT Group companies)	10,849	11,993
Associated companies	2,008	2,135
Agentúra pre núdzové zásoby ropy a ropných výrobkov	996	1,494
Other related parties	4	3
<u><i>Sales - financial assets measured at fair value through other comprehensive income</i></u>		
MOL Group	29	-
<u><i>Interest revenue</i></u>		
SLOVNAFT Group	89	153
MOL Group (w/o SLOVNAFT Group companies)	173	17
Associated companies	46	46
<u><i>Other finance revenues</i></u>		
SLOVNAFT Group	24	13
MOL Group (w/o SLOVNAFT Group companies)	8,865	-
<u><i>Dividends received</i></u>		
SLOVNAFT Group	711	2,087
MOL Group (w/o SLOVNAFT Group companies)	-	550
Associated companies	270	725
<i>in € thousands</i>	2020	2019
<u><i>Purchases - raw materials, goods and energy</i></u>		
SLOVNAFT Group	638	1,105
MOL Group (w/o SLOVNAFT Group companies)	235,684	406,519
Associated companies	45,440	34,523
MET Slovakia a.s.	-	33,307
Agentúra pre núdzové zásoby ropy a ropných výrobkov	31,710	88,785
<u><i>Purchases - services and other operating expenses</i></u>		
SLOVNAFT Group	93,048	105,533
MOL Group (w/o SLOVNAFT Group companies)	9,890	7,858
Associated companies	32	45
Agentúra pre núdzové zásoby ropy a ropných výrobkov	52,531	58,375
RUŽIČKA AND PARTNERS s. r. o.	218	260
Other related parties	24	58
<u><i>Purchases - property, plant and equipment</i></u>		
SLOVNAFT Group	21,430	98,577
MOL Group (w/o SLOVNAFT Group companies)	13,760	13,437
Other related parties	-	16
<u><i>Purchases - intangible assets</i></u>		
SLOVNAFT Group	20	-
MOL Group (w/o SLOVNAFT Group companies)	17,378	14,616
<u><i>Interest expense</i></u>		
MOL Group (w/o SLOVNAFT Group companies)	92	26
Associated companies	180	201
<u><i>Other finance costs</i></u>		
MOL Group (w/o SLOVNAFT Group companies)	-	20,282

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020**

<i>in € thousands</i>	2020	2019
<u>Receivables</u>		
SLOVNAFT Group	11,090	19,388
MOL Group (w/o SLOVNAFT Group companies)	46,665	85,688
Associated companies	31,174	42,664
Agentúra pre núdzové zásoby ropy a ropných výrobkov	-	8,934
Other related parties	5	7
<u>Loans granted</u>		
SLOVNAFT Group (Note 12 and 15)	482	26,776
MOL Group (w/o SLOVNAFT Group companies) (Note 15)	242,498	-
Associated companies (Note 12)	2,233	2,203
<u>Payables</u>		
SLOVNAFT Group	25,398	59,524
MOL Group (w/o SLOVNAFT Group companies)	70,842	60,777
Associated companies	5,490	1,930
Agentúra pre núdzové zásoby ropy a ropných výrobkov	4,129	4,558
RUŽIČKA AND PARTNERS s. r. o.	29	78
Other related parties	2	8
<u>Loans received</u>		
Associated companies	3,694	4,160
MOL Group (w/o SLOVNAFT Group companies)	641	786

Statutory boards of the Company

According to an extract from the Commercial Register of District Court in Bratislava I as at 31 December 2020 the Company's statutory boards had the following composition:

The Board of Directors: Oszkár Világi, Chairman of the Board
Gabriel Szabó
Marek Senkovič
Ferenc Horváth
Zsolt Huff
Timea Reicher
Zsuzsanna Éva Ortutay
Zsolt Pethö

The Supervisory Board: Zoltán Áldott, Chairman of the Board
Ákos Székely
Richard Austen
Slavomír Hatina
Matúš Horváth
Martina Darnadiová

Emoluments of the members of the Board of Directors and the Supervisory Board

The Board of Directors' total remuneration amounted to €24 thousand in 2020 (2019: €80 thousand). The total remuneration of members of the Supervisory Board amounted to €174 thousand in 2020 (2019: €174 thousand).

Key management compensation

<i>in € thousands</i>	2020	2019
Salaries	580	1,071
Legal and voluntary retirement contributions	80	104
Public health insurance	96	186
Other social insurance	24	83
Other personnel expenses	120	131
Provision for retirement and jubilee benefits	(63)	167
Expenses of share-based payments	(178)	(1)
Total	659	1,741

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020

Details of the share option rights granted to key members of management during the period are as follows:

	2020		2019	
	Shares in option rights	Weighted average exercise price per share	Shares in option rights	Weighted average exercise price per share
	<i>number of shares</i>	<i>€</i>	<i>number of shares</i>	<i>€</i>
Outstanding at the beginning of the period	171,200	8.00	243,760	6.69
Granted during the period	54,320	8.01	59,200	9.23
Forfeited during the period	-	-	-	-
Exercised during the period	(52,800)	4.57	(131,760)	5.79
Expired during the period	-	-	-	-
Outstanding at the end of the period	172,720	8.30	171,200	8.00
Exercisable at the end of the period	59,200	8.51	52,800	5.05

Long-term incentive schemes for management

A long-term incentive scheme for management consists of long-term interest in increase of the parent company's MOL Nyrt. share price (Note 4).

General incentive schemes for management

The incentive aim involves the Company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the Company and determined individual tasks in the Performance Management System (PMS). The incentives for the year 2020 will be paid to managers based on the evaluation of indicators and tasks defined in the individual agreements.

Loans granted

No loans have been granted to key management and members of the Board of Directors and the Supervisory Board.

26 Events after the reporting period

No events have occurred after 31 December 2020 that would require adjustment to, or disclosure in the financial statements.