



Slovnaft
MEMBER OF MOL GROUP

SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 separate statement of financial position as at 31 December 2021, separate statement of comprehensive income, separate statement of changes in equity and separate 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 2021, 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 2021 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.

22 March 2022
Bratislava, Slovak Republic

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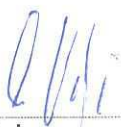
Ing. Peter Uram-Hrišo, statutory auditor
SKAU Licence No. 996

SLOVNAFT, a. s.

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

for the year ended 31 December 2021

Bratislava, 22 March 2022



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 2021**

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.

Vičie hrdlo 1

824 12 Bratislava

Slovak Republic

Registration number: 31 322 832

Tax registration number: 2020372640

Legal Entity Identifier (LEI): 213800SQ8HA3IZPO1G03

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 2021, the Company had 2,206 employees (31 December 2020: 2,290). Average calculated number of employees as at 31 December 2021 was 2,224 (31 December 2020: 2,281), 127 of which were management (31 December 2020: 126 managers).

Authorization and statement of compliance

These separate financial statements were approved and authorized for issue by the Board of Directors on 22 March 2022.

The separate financial statements of the Company for the previous period were approved by the Annual General Meeting of the Company held on 17 June 2021.

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.

Separate statement of comprehensive income for the year ended 31 December 2021

<i>in € thousands</i>	Notes	2021	2020
Net revenue	2	4,067,463	2,700,445
Other operating income	3	11,268	23,501
Total operating income		4,078,731	2,723,946
Raw materials and consumables used		(3,252,121)	(2,140,817)
Personnel expenses	4	(110,514)	(103,088)
Depreciation, depletion, amortization and impairment		(178,275)	(189,094)
Value of services used	5	(222,058)	(209,084)
Other operating expenses	6	(187,642)	(134,470)
Change in inventories of finished goods and work in progress		120,619	(57,327)
Work performed by the enterprise and capitalized		1,332	1,841
Total operating expenses		(3,828,659)	(2,832,039)
Profit/(loss) from operations		250,072	(108,093)
Finance revenues	7	73,381	9,068
Finance expenses	7	(20,488)	(3,033)
Finance revenues/(expenses), net		52,893	6,035
Profit/(loss) before tax		302,965	(102,058)
Income tax expense	8	(50,201)	20,172
Profit/(loss) for the period		252,764	(81,886)
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension plans	20	1,773	(26)
Income tax relating to items that will not be reclassified to profit/(loss)	8	(372)	5
Total items that will not be reclassified to profit/(loss)		1,401	(21)
Other comprehensive income for the period		1,401	(21)
Total comprehensive income for the period		254,165	(81,907)
Basic/diluted earnings/(loss) per share (€)	25	12.26	(3.97)

Separate statement of financial position as at 31 December 2021

<i>in € thousands</i>	Notes	2021	2020
ASSETS			
Non-current assets			
Intangible assets	9.1	23,705	20,745
Property, plant and equipment	9.2	1,406,432	1,483,526
Investments in subsidiaries	10	56,527	46,027
Investments in associated companies	11	71,428	71,428
Financial assets measured at fair value through other comprehensive income		2,370	2,370
Other non-current assets	12	1,856	1,774
Total non-current assets		1,562,318	1,625,870
Current assets			
Inventories	13	399,197	256,375
Trade receivables	14	430,961	221,972
Other current assets	15	282,150	290,310
Cash and cash equivalents	16	40,731	26,238
Total current assets		1,153,039	794,895
Assets classified as held for sale	17	19,380	-
TOTAL ASSETS		2,734,737	2,420,765
EQUITY AND LIABILITIES			
Equity			
Share capital	18.1	684,758	684,758
Share premium		121,119	121,119
Retained earnings	18.2	885,327	701,162
Other components of equity	18.3	2,330	2,330
Total equity		1,693,534	1,509,369
Non-current liabilities			
Long-term debt, net of current portion	19.1	66,278	55,315
Provisions	20	61,245	59,121
Deferred tax liabilities	8	63,216	62,875
Other non-current liabilities	21	12,973	14,020
Total non-current liabilities		203,712	191,331
Current liabilities			
Trade payables and other current liabilities	22	711,588	460,372
Provisions	20	61,117	30,735
Short-term debt	19.2	-	215,304
Current portion of long-term debt	19.1	14,556	13,654
Income tax payable		50,230	-
Total current liabilities		837,491	720,065
TOTAL EQUITY AND LIABILITIES		2,734,737	2,420,765

Separate statement of changes in equity for the year ended 31 December 2021

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
<i>in € thousands</i>					
1 January 2020	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
Profit/(loss) for the period	-	-	252,764	-	252,764
Other comprehensive income for the period	-	-	-	1,401	1,401
Total comprehensive income for the period	-	-	252,764	1,401	254,165
Dividends (Note 18.2)	-	-	(70,000)	-	(70,000)
Reclassification of actuarial gains/(losses) on defined benefit pension plans	-	-	1,401	(1,401)	-
31 December 2021	684,758	121,119	885,327	2,330	1,693,534

Separate statement of cash flows for the year ended 31 December 2021

<i>in € thousands</i>	Notes	2021	2020
Profit/(loss) before tax		302,965	(102,058)
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities			
Depreciation, depletion, amortization and impairment		178,275	189,094
Amortization of government grants	3	(811)	(836)
Write-down/(reversal of write-down) of inventories, net		2,300	(3,414)
Increase/(decrease) in provisions, net		34,278	7,526
(Profit)/loss from the sale of intangible assets and property, plant and equipment	3	(420)	(123)
Write-off of receivables and addition/(reversal) of impairment, net		-	288
Write-off of liabilities		(122)	(68)
Net foreign exchange (gain)/loss on receivables and payables	7	15,732	(4,677)
Impairment of financial assets measured at fair value through other comprehensive income		-	10
Interest revenue	7	(673)	(336)
Interest expense on borrowings	7	2,013	1,523
Net foreign exchange (gain)/loss on cash and cash equivalents	7	906	(50)
Other finance (profit)/loss, net		685	(3,005)
Dividends received	7	(72,705)	(981)
Book value of surrendered emission quotas		27,053	17,733
Other non-cash items		(574)	73
Operating cash flow before changes in working capital		488,902	100,699
(Increase)/decrease in inventories		(145,121)	42,764
(Increase)/decrease in trade receivables		(204,066)	96,926
(Increase)/decrease in other assets		(60,911)	(4,039)
Increase/(decrease) in trade payables		220,589	(167,598)
Increase/(decrease) in other liabilities		23,553	10,765
Corporate income tax (paid)/returned		(3)	19,817
Net cash provided by/(used in) operating activities		322,943	99,334
Payments for intangible assets and property, plant and equipment		(128,969)	(143,873)
Proceeds from disposal of intangible assets and property, plant and equipment		467	137
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		-	29
Acquisition of subsidiaries	10	(10,500)	(375)
Long-term loans granted		(100)	(4,790)
Long-term loans repaid		1,800	6,478
Short-term loans (granted)/repaid, net		57,979	(217,823)
Interest received		1,211	237
Other finance income		3	25
Dividends received and income from the decrease of share capital of the associated companies		73,416	760
Net cash provided by/(used in) investing activities		(4,693)	(359,195)
Proceeds from/(repayments of) short-term bank borrowings, net	19.3	(213,000)	203,000
Repayments of long-term non-bank borrowings	19.3	(14,634)	(13,580)
Proceeds/(payments) from derivative transactions, net		(669)	3,000
Interest paid		(2,057)	(1,493)
Other finance costs		(13)	(19)
Dividends paid to shareholders		(70,210)	(13)
Net cash provided by/(used in) financing activities		(300,583)	190,895
Increase/(decrease) in cash and cash equivalents		17,667	(68,966)
Cash and cash equivalents at the beginning of the period	16	23,970	92,886
Effects of exchange rate changes	7	(906)	50
Cash and cash equivalents at the end of the period	16	40,731	23,970

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 2021.

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 (8) and (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 2020.

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

- IFRS 4 Insurance Contracts - Amendment regarding issues in the context of the IBOR reform - Phase 2
- IFRS 7 Financial Instruments: Disclosures - Amendment regarding issues in the context of the IBOR reform - Phase 2
- IFRS 9 Financial Instruments: Classification and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform - Phase 2
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification
- IFRS 16 Leases - Amendment regarding issues in the context of the IBOR reform - Phase 2
- IAS 39 Financial Instruments: Recognition and Measurement - Amendment regarding pre-replacement issues in the context of the IBOR reform - Phase 2

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)
- IFRS 4 Insurance Contracts - Amendments regarding the deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2023)
- 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 extend an exemption provided to lessees from assessing whether a COVID-19-related rent concession is a lease modification (effective for annual periods beginning on or after 1 April 2021)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)
- IFRS 17 Insurance Contracts - Amendments regarding the initial application of IFRS 17 and IFRS 9 (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 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 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (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)
- 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)
- Annual Improvements 2018 - 2020 (effective for annual periods beginning on or after 1 January 2022)

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

Unlike in 2020, the COVID-19 pandemic had no significant impact on operations and financial results of 2021.

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>	2021	2020
Motor diesel	1,827,902	1,279,761
Motor gasoline	791,816	481,159
Other refined products	476,992	306,461
Plastics	764,971	439,576
Services	34,174	35,694
Other	171,608	157,794
Total	4,067,463	2,700,445

Sales by geographical areas

<i>in € thousands</i>	2021	2020
Slovak Republic	1,270,291	1,145,418
Hungary	725,913	211,532
Czech Republic	712,088	464,072
Poland	462,468	223,535
Austria	298,020	293,868
Germany	204,339	152,521
Italy	91,117	64,629
Serbia	69,163	14,822
Romania	47,233	22,562
Croatia	36,240	18,524
Switzerland	31,380	16,079
United Kingdom	27,119	16,412
The Netherlands	22,617	10,025
Other	69,475	46,446
Total	4,067,463	2,700,445

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 €1,657,500 thousand which represents 40.8% of the total net revenue in 2021 (2020: €1,048,217 thousand, 38.8%).

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>	2021	2020
Government grants for compensation of expenses	8,321	8,009
Amortization of government grants	811	836
Profit from the sale of intangible assets and property, plant and equipment	420	123
Compensation of the cost of economic mobilization	209	674
Compensation for damages	169	1,480
Penalties and late payment interest	61	27
Net gain from non-hedge commodity derivatives	-	8,865
Compensation of the cost from other subjects	-	2,589
Other	1,277	898
Total other operating income	11,268	23,501

4 Personnel expenses

<i>in € thousands</i>	2021	2020
Wages and salaries	72,423	67,167
Legal and voluntary retirement contributions	12,091	12,593
Public health insurance	7,601	7,673
Other social insurance	9,126	6,823
Other personnel expenses	7,784	7,709
Provision for retirement and jubilee benefits (Note 20)	1,033	1,305
Expenses of share-based payments	456	(182)
Total personnel expenses	110,514	103,088

Share-based payments**Accounting policies**

Certain employees of the Company receive remuneration dependent on the parent company's MOL Nyrt. share price.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date 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.

<i>in € thousands</i>	2021	2020
Restricted Share Plan	403	-
Absolute Share Value Based Remuneration	33	(158)
Relative Market Index Based Remuneration	20	(24)
Total cash-settled share-based payment expense	456	(182)

The share-based payments serve as the management's long-term incentives as an important part of their total remuneration package. They ensure the interest of the top management of the Company in the long-term increase of the MOL Nyrt. share price and so they serve the strategic interest of the shareholders.

Restricted Share Plan for management

From 1 January 2021, the Company established new share-based payment remuneration plan to supersede Absolute Share Value Based Remuneration and Relative Market Index Based Remuneration programmes: Restricted Share Plan.

The Restricted Share Plan is a three-year incentive programme based on determined corporate and individual performance targets with following characteristics:

- Program starts each year on a rolling scheme with a three-year vesting period.
- Target on corporate performance is based on the achievement of business plan for Clean CCS EBITDA.
- Payout rates are defined based on fulfilment of the corporate performance target and individual payout rate which is based on an individual performance.
- Payments are due after the third year.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

Liabilities in respect of the Restricted Share Plan amounted to €403 thousand as at 31 December 2021 recorded in other non-current liabilities.

Absolute Share Value Based Remuneration Incentive for management

The Absolute Share Value Based Remuneration Plan is a call option to sell hypothetical MOL shares granted on a past strike price, at a spot price and so realize profit from the difference between these prices. The incentive has the following characteristics:

- It covers a four-year period starting annually, where periods are split into a two-year vesting period (it is not possible to exercise Share Option) and two-year redeeming period. If unexercised, the Share Option lapses after 31 December of the redeeming period.
- Its rate is defined by the quantity of units specified by the Company job category.
- The allocation is linked to individual performance.

The incentive is paid in the exercising period according to the appropriate declaration of redemption. The value of the incentive is the difference between the strike price and a selected spot price for each unit of the entitlement.

In case the Annual General Meeting of MOL Nyrt. decides on dividend payment after the grant date, the managers, who are entitled to long-term incentives are eligible for a compensation in share equivalent when redeeming the share entitlement. The compensation to one manager is the value equal to the dividend payment per share multiplied by the share unit numbers the manager is entitled to. This compensation is paid at redemption.

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

	2021		2020	
	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	320,351	8.27	261,087	8.44
Granted during the period	13,749	7.91	119,253	8.01
Forfeited during the period	(19,736)	7.91	(7,189)	8.36
Exercised during the period	-	-	(52,800)	4.57
Expired during the period	(90,786)	8.42	-	-
Outstanding at the end of the period	223,578	8.10	320,351	8.27
Exercisable at the end of the period	115,272	8.27	90,786	8.51

Liabilities in respect of the share-based payment plans amounted to €156 thousand as at 31 December 2021 (31 December 2020: €123 thousand), recorded in other non-current liabilities and other current liabilities.

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:

	2021	2020
Weighted average exercise price per share (€)	8.10	8.27
Weighted average share price at the date of exercise for share options exercised during the period (€)	n.a.	5.91
Spot share price (€)	6.83	6.00
Expected volatility based on historical data (%)	34.97	31.05
Expected dividend yield (%)	4.36	3.66
Estimated maturity (years)	1.48	2.07
Risk free interest rate for HUF (%)	5.14	0.84

Relative Market Index Based Remuneration Incentive for management

The Relative Market Index Based Remuneration Plan is a three-year program using the Comparative Share Price methodology with following characteristics:

- Program starts each year on a rolling scheme 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 MSCI Emerging Markets Energy Index).

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

- Basis of the evaluation is the average difference in MOL's year-on-year (12 months) share price performance in comparison to the benchmark indices for three years.
- Payout rates are defined based on the over/underperformance of MOL share price.
- The rate of incentive is influenced by the individual short-term performance.
- Payments are due after the third year.

Liabilities in respect of the Relative Market Index Based Remuneration Plan program amounted to €20 thousand as at 31 December 2021 (31 December 2020: €3 thousand) recorded in other non-current liabilities and other current liabilities.

5 Value of services used

<i>in € thousands</i>	2021	2020
Maintenance expenses	65,335	57,328
Transportation and storage expenses	62,277	63,515
Commission fees paid	40,775	39,381
Services related to administration	20,856	18,226
Fees for the use of the electricity system	13,048	12,868
Chemical analysis of products and raw materials	8,778	7,858
Fire protection expenses	4,535	4,754
Costs of cleaning machinery and equipment	4,176	3,308
Traveling cost	413	204
Other	1,865	1,642
Total value of services used	222,058	209,084

6 Other operating expenses

<i>in € thousands</i>	2021	2020
Provision for greenhouse gas emission, net	56,728	25,775
Fees for ensuring the maintenance of emergency stocks of crude oil and oil products	53,367	52,531
Net loss from non-hedge commodity derivatives	12,481	-
Technology expert fees	10,040	8,042
Accounting, advisory and similar services fees	7,582	7,763
Environmental provision (Note 20)	7,297	1,215
Cleaning costs and waste disposal	5,667	5,912
Taxes, duties and fees	5,576	5,821
Insurance premium	5,397	3,973
Marketing costs	4,580	4,179
Security expenses	4,517	4,610
Fees paid to financial institutions	2,796	2,376
Rental expenses	1,313	1,355
Environmental protection costs	1,211	810
Training expenses	734	532
Gifts	712	1,278
Technical inspections of vehicles and railway cars	663	630
Fines, penalties, damages and compensations for damages	282	575
Expenses to liquidation of unneeded property, plant and equipment	10	614
Provision for doubtful receivables, write-off of receivables, net	-	288
Other	6,689	6,191
Total other operating expenses	187,642	134,470

The expenses for services provided by auditors were as follows:

<i>in € thousands</i>	2021	2020
Audit of the financial statements	113	113
Other assurance services	46	40
Total	159	153

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.

in € thousands	2021	2020
Dividends	72,705	981
Interest revenue	673	336
Net foreign exchange gain on receivables and payables	-	4,677
Net gain from derivatives	-	3,000
Net foreign exchange gain on cash and cash equivalents	-	50
Other	3	24
Total finance revenues	73,381	9,068
Net foreign exchange loss on receivables and payables	(15,732)	-
Interest expense on borrowings	(2,013)	(1,523)
Interest expense on provisions (Note 20)	(1,150)	(1,481)
Net foreign exchange loss on cash and cash equivalents	(906)	-
Net loss from derivatives	(669)	-
Impairment of financial assets measured at fair value through other comprehensive income	-	(10)
Other	(18)	(19)
Total finance expenses	(20,488)	(3,033)
Finance revenues/(expenses), net	52,893	6,035

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.

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Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

Total applicable income taxes reported in these separate financial statements in 2021 and 2020 include the following components:

<i>in € thousands</i>	2021	2020
Current corporate income tax	50,232	6
Deferred corporate income tax	(31)	(20,178)
Total income tax expense	50,201	(20,172)

In 2021, the applicable corporate income tax rate on the taxable income of the Company was 21% (2020: 21%).

The deferred tax balances as at 31 December 2021 and 2020 and movements in 2021 and 2020 were as follows:

<i>in € thousands</i>	1 January 2021	Recognized in profit/(loss)	Recognized in other comprehensive income	31 December 2021
Property, plant and equipment and intangible assets	(104,565)	185	-	(104,380)
Provisions	14,139	572	(372)	14,339
Lease liabilities	14,483	2,492	-	16,975
Tax losses carried forward	5,389	(1,796)	-	3,593
Other	7,679	(1,422)	-	6,257
Total	(62,875)	31	(372)	(63,216)

<i>in € thousands</i>	1 January 2020	Recognized in profit/(loss)	Recognized in other comprehensive 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)

In 2021, the Company utilized the cumulative tax losses in the amount of €8,555 thousand (2020: €8,555 thousand).

The Company has recognized deferred tax assets in the amount of €3,593 thousand as at 31 December 2021 (31 December 2020: €5,389 thousand) to cumulative tax losses that is available to offset against future taxable profits. These tax losses can be utilized during 2022 - 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>	2021	2020
Profit/(loss) before tax	302,965	(102,058)
Tax at the applicable tax rate 21% (2020: 21%)	63,623	(21,432)
Permanent differences	(13,546)	1,250
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	124	3
Effect of different tax rates	-	(1)
Total income tax expense	50,201	(20,172)
Effective tax rate (%)	16.57	(19.76)

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 purchased emission rights are recorded at cost less impairment, if any.

in € thousands	Emission rights	Rights	Software	Total
Cost				
1 January 2020	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
Additions	27,053	-	6,024	33,077
Disposals	(27,053)	-	(282)	(27,335)
Reclassification - assets held for sale	-	-	(163)	(163)
Transfers	-	-	214	214
31 December 2021	-	36,199	74,713	110,912
Amortization and impairment				
1 January 2020	-	27,344	53,381	80,725
Amortization	-	553	3,170	3,723
Disposals	-	-	(74)	(74)
31 December 2020	-	27,897	56,477	84,374
Amortization	-	543	2,662	3,205
Disposals	-	-	(209)	(209)
Reclassification - assets held for sale	-	-	(163)	(163)
31 December 2021	-	28,440	58,767	87,207
Net book value				
31 December 2021	-	7,759	15,946	23,705
31 December 2020	-	8,302	12,443	20,745
1 January 2020	356	8,356	12,493	21,205

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 2020	1,404,533	2,196,611	134,526	121,448	3,857,118
Additions	4,390	604	12,028	111,603	128,625
Put to use	54,350	60,132	7,135	(121,617)	-
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
Additions	4,663	2,468	22,875	91,106	121,112
Put to use	23,656	45,760	4,048	(73,464)	-
Disposals	(4,281)	(13,883)	(4,081)	-	(22,245)
Reclassification - assets held for sale	(35,673)	(5,528)	(5,124)	-	(46,325)
Transfers	-	-	-	(214)	(214)
31 December 2021	1,449,666	2,268,083	167,555	128,791	4,014,095
Depreciation and impairment					
1 January 2020	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
Depreciation	50,668	103,486	19,749	-	173,903
Impairment	348	225	-	1,735	2,308
Reversal of impairment	(1,243)	(29)	-	(36)	(1,308)
Disposals	(919)	(13,762)	(3,855)	-	(18,536)
Reclassification - assets held for sale	(19,076)	(3,789)	(4,080)	-	(26,945)
31 December 2021	741,982	1,749,637	111,357	4,687	2,607,663
Net book value					
31 December 2021	707,684	518,446	56,198	124,104	1,406,432
31 December 2020	749,097	575,760	50,294	108,375	1,483,526
1 January 2020	753,288	617,849	51,055	118,344	1,540,536

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 2021 and 2020, the Company did not capitalize borrowing costs for acquisition of property, plant and equipment as IAS 23 conditions for capitalization were not fulfilled. In 2021, the Company capitalized borrowing cost from general purpose borrowings at capitalization rate of 0.37% (2020: 0.21%).

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 €8,623 thousand (31 December 2020: €9,432 thousand) financed from the government grants (Note 21). 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 €5,867,728 thousand. The insurance covers all risks of direct material losses or damages, including machinery and equipment failure. In 2021, 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 €163 thousand (2020: €1,474 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 2021

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 2020	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
Additions	-	4,663	2,468	22,875	30,006
Disposals	-	(3,768)	(1,202)	(157)	(5,127)
31 December 2021	32	43,141	10,332	69,385	122,890
Amortization/Depreciation and impairment					
1 January 2020	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
Amortization/Depreciation	13	3,446	1,292	10,698	15,449
Disposals	-	(453)	(1,180)	-	(1,633)
31 December 2021	14	8,198	5,284	30,420	43,916
Net book value					
31 December 2021	18	34,943	5,048	38,965	78,974
31 December 2020	31	37,041	3,894	26,945	67,911
1 January 2020	36	35,022	4,734	25,270	65,062

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 2021 and in following years:

<i>in € thousands</i>	2021	2021	2023	2024	2025	After 2025
Depreciation, depletion, amortization and impairment	529	723	746	672	(401)	(2,269)

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 impairment of intangible assets and property, plant and equipment of €1,000 thousand in 2021 (2020: revenue from reversal of impairment €286 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 2021 %	Ownership 2020 %	Net book value 2021 € thousands	Net book value 2020 € thousands
APOLLO Rafinéria, s.r.o.	Slovakia	Wholesale	100.00	100.00	7	7
DALBY a. s.	Slovakia	Operation of freight transshipment	100.00	-	10,500	-
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	100.00	768	768
Total investments in subsidiaries					56,527	46,027

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Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

Equity and profit/loss of subsidiaries were as follows:

Company name	Equity 2021 € thousands	Equity 2020 € thousands	Profit/(loss) 2021 € thousands	Profit/(loss) 2020 € thousands
APOLLO Rafinéria, s.r.o.	-	-	-	-
DALBY a. s.	2,195	-	859	-
MOL GBS Slovakia, s. r. o.	506	496	252	242
MOL IT & Digital GBS Slovakia, s. r. o.	325	288	235	199
Slovnaft Mobility Services, s. r. o.	175	431	(256)	(178)
SLOVNAFT MONTÁŽE A OPRAVY a.s.	2,635	4,132	768	628
Slovnaft Polska S.A.	40,912	49,158	7,395	145
SLOVNAFT TRANS a.s.	4,260	4,040	392	599
VÚRUP, a.s.	4,314	4,490	592	768
SWS spol. s r.o.	254	428	(175)	(29)
Total investments in subsidiaries	55,576	63,463	10,062	2,374

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 2020	57,309	(11,657)	45,652
Additions	375	-	375
31 December 2020	57,684	(11,657)	46,027
Additions	10,500	-	10,500
31 December 2021	68,184	(11,657)	56,527

On March 31, 2021, the Company became a 100% owner of the company DALBY a. s.

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 2021 %	Ownership 2020 %	Net book value 2021 € thousands	Net book value 2020 € thousands
Messer Slovnaft s.r.o.	Slovakia	Production of technical gases	49.00	49.00	1,671	1,671
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	71,428

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 2021**

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. Transactions with MOL Česká republika, s.r.o. are reported in Note 26 as transactions with MOL Group companies.

The Company purchases from Messer Slovnaft s.r.o. nitrogen and from MEROOCO, 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 2020	71,918	-	71,918
Paid reduction of registered capital in Messer Slovnaft s.r.o.	(490)	-	(490)
31 December 2020	71,428	-	71,428
31 December 2021	71,428	-	71,428

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

2021 <i>in € thousands</i>	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	5,392	3,893	1,499	4,872	512
MOL CZ Downstream Investment B.V.	154,992	154,971	21	-	44,764
MEROOCO, a.s.	98,006	38,135	59,871	196,912	20,709
Total	258,390	196,999	61,391	201,784	65,985

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)
MEROOCO, a.s.	47,674	18,932	28,742	115,638	2,278
Total	278,158	247,914	30,244	120,248	2,688

12 Other non-current assets

<i>in € thousands</i>	2021	2020
<u>Other non-current financial assets</u>		
Long-term loans granted	550	450
Total other non-current financial assets	550	450
<u>Other non-current non-financial assets</u>		
Prepaid expenses	938	250
Advance payments for assets under construction	364	1,070
Other	4	4
Total other non-current non-financial assets	1,306	1,324
Total other non-current assets	1,856	1,774

Long-term loans granted as at 31 December 2021 and 2020 consist of the following items:

<i>in € thousands</i>	Currency	Maturity	Weighted average interest rate (%)		2021	2020
Unsecured loan granted	EUR	2025	1.90	1.90	553	452
Unsecured loan granted	EUR	2021	0.85	0.85	-	2,233
Unsecured loan granted	EUR	2021	1.97	1.97	-	30
Total long-term loans granted					553	2,715
Current portion of long-term loans (Note 15)					(3)	(2,265)
Total long-term loans granted, net of current portion					550	450

The loan was provided to the company Slovnaft Mobility Services, s. r. o. for financing of working capital.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

	2021	2020
<i>in € thousands</i>		
Other non-current financial assets	550	450
Provision to other non-current financial assets	-	-
Total other non-current financial assets	550	450

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.

	Cost 2021	Book value 2021	Cost 2020	Book value 2020
<i>in € thousands</i>				
Raw materials	56,011	53,739	50,870	49,349
Purchased crude oil	68,977	68,977	53,421	53,421
Work in progress and semi-finished goods	127,235	127,235	76,038	76,038
Finished goods	137,071	137,071	67,649	67,649
Goods for resale	12,198	12,175	9,946	9,918
Total inventories	401,492	399,197	257,924	256,375

Movements in the provision for inventories were as follows:

	2021	2020
<i>in € thousands</i>		
At the beginning of the period	1,549	5,891
Additions	896	27,021
Reversal	(2)	(244)
Use	(148)	(31,119)
At the end of the period	2,295	1,549

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.

	2021	2020
<i>in € thousands</i>		
Trade receivables	433,459	224,657
Provision for doubtful trade receivables	(2,498)	(2,685)
Total trade receivables	430,961	221,972

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 2021

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

<i>in € thousands</i>	2021	2020
At the beginning of the period	2,685	2,818
Additions	678	1,924
Reversal	(678)	(1,642)
Amounts written off	(183)	(412)
Currency differences	(4)	(3)
At the end of the period	2,498	2,685

The Company did not have any impairment booked to receivables to related parties as at 31 December 2021 and 2020, neither booked any impairment to receivables to related parties during 2021 and 2020.

15 Other current assets

<i>in € thousands</i>	2021	2020
<i>Other current financial assets</i>		
Short-term loans granted	184,443	242,498
Receivables from dividends	825	1,536
Financial collaterals granted	303	328
Current portion of long-term loans granted (Note 12)	3	2,265
Collateral granted regarding derivative transactions	-	5,400
Other	72	57
Total other current financial assets	185,646	252,084
Financial assets measured at fair value through profit or loss - derivatives	30,043	15,041
<i>Other current non-financial assets</i>		
Receivables from VAT, duties and other taxes	54,702	11,288
Receivables from excise taxes	7,252	7,297
Advances	2,906	3,472
Prepaid expenses	953	804
Other	648	324
Total other current non-financial assets	66,461	23,185
Total other current assets	282,150	290,310

Short-term loans granted in amount of €184,443 thousand represent unsecured loans in EUR granted to the company MOL Group Finance Zrt. under the intra-group financing scheme.

<i>in € thousands</i>	2021	2020
Other current financial assets	185,646	252,084
Provision to other current financial assets	-	-
Total other current financial assets	185,646	252,084

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.

2021	EUR	PLN	USD	CZK	Total
<i>in € thousands</i>					
Cash at bank	14,371	-	1,304	7,943	23,618
Short-term bank deposits	-	8,200	-	-	8,200
Cash on hand	8,913	-	-	-	8,913
Total cash and cash equivalents	23,284	8,200	1,304	7,943	40,731

2020 in € thousands	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

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

in € thousands	2021	2020	2019
Cash at bank	23,618	13,746	78,264
Short-term bank deposits	8,200	4,332	6,655
Cash on hand	8,913	8,160	7,946
Other cash equivalents	-	-	21
Overdrafts	-	(2,268)	-
Total cash and cash equivalents	40,731	23,970	92,886

17 Asset held for sale

Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amounts are to be realized by sale rather than through continued use. This is the case when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before the initial classification of the asset as held for sale, impairment test shall be carried out. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are no longer depreciated or amortized once classified as held for sale.

As at 31 December 2021, assets held for sale contains property, plant and equipment of the service stations at carrying amount of €19,380 thousand.

18 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.

18.1 Share capital

The Company's authorized share capital is 20,625,229 ordinary shares (31 December 2020: 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:

	2021 € thousands	2021 %	2020 € thousands	2020 %
MOL Nyrt.	684,758	100.0	684,758	100.0
Total	684,758	100.0	684,758	100.0

18.2 Retained earnings

Legal reserve fund

Retained earnings comprise the legal reserve fund of €136,952 thousand (31 December 2020: €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 2021 were €329,960 thousand (31 December 2020: €480,466 thousand).

Settlement of loss for the previous accounting period

The loss for the previous accounting period in the amount of €81,886 thousand was settled from retained earnings.

Dividends

The dividends approved by the shareholders at the Annual General Meeting on 17 June 2021 were €70,000 thousand, equivalent to €3.3939 per share. Dividends were paid out from retained earnings.

18.3 Other components of equity

<i>in € thousands</i>	2021	2020
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>	2021	2020
At the beginning of the period	-	-
Actuarial gains/(losses) on defined benefit pension plans	1,773	(26)
Income tax related to actuarial gains/(losses) on defined benefit pension plans	(372)	5
Reclassification of actuarial gains/(losses) on defined benefit pension plans to retained earnings	(1,401)	21
At the end of the period	-	-

19 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.

19.1 Long-term debt

<i>in € thousands</i>	Currency	2021	2020
Lease liabilities	EUR	80,834	68,969
Total long-term debt		80,834	68,969
Current portion of long-term debt		(14,556)	(13,654)
Total long-term debt, net of current portion		66,278	55,315

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

<i>in € thousands</i>	Minimum lease payments 2021	Present value of minimum lease payments 2021	Minimum lease payments 2020	Present value of minimum lease payments 2020
Up to 1 year	14,819	14,556	13,975	13,654
From 1 to 5 years	42,003	38,438	32,110	28,404
Over 5 years	31,814	27,840	31,735	26,911
Total minimum lease payments	88,636	80,834	77,820	68,969
Less amounts of financial charges	(7,802)	-	(8,851)	-
Present value of minimum lease payments	80,834	80,834	68,969	68,969

19.2 Short-term debt

<i>in € thousands</i>	Mena	2021	2020
Unsecured bank loan	EUR	-	213,036
Overdrafts	EUR	-	2,268
Total short-term debt		-	215,304

19.3 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 2021	-	68,969	215,304	-
Cash flows				
Changes in cash flows *	-	(14,634)	(213,000)	-
Changes in cash and cash equivalents (Note 16)	-	-	(2,268)	-
Non-cash changes				
Lease additions	-	30,006	-	-
Lease termination	-	(3,507)	-	-
Other changes **	-	-	(36)	-
31 December 2021	-	80,834	-	-

<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	-
Cash flows				
Changes in cash flows *	-	(13,580)	203,000	-
Changes in cash and cash equivalents (Note 16)	-	-	2,268	-
Non-cash changes				
Lease additions	-	16,429	-	-
Other changes **	-	-	35	-
31 December 2020	-	68,969	215,304	-

* 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.

20 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% (2020: 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, carrying amount of purchased quotas, or market quotations at the reporting date. In addition, the Company recognizes provision for estimated costs of Upstream emission reduction quotas (UER) intended to be used to fulfil obligations stipulated by EU Fuel Quality Directive.

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 2020	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
Provision made during the period and revision of previous estimates	7,297	(1,062)	322	56,728	63,285
Unwinding of the discount (Note 7)	982	144	24	-	1,150
Provision used during the period	(4,043)	(855)	(282)	(26,749)	(31,929)
31 December 2021	50,893	13,196	2,595	55,678	122,362
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
Current portion at 31 December 2021	4,196	944	299	55,678	61,117
Non-current portion at 31 December 2021	46,697	12,252	2,296	-	61,245

Environmental provision

As at 31 December 2021 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 €785 thousand as at 31 December 2021 (31 December 2020: €544 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 2022 - 2033.

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. 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 it is not possible to reliably estimate the period for which costs will have to be incurred in connection with this environmental burden, the Company calculates the provision based on the internal methodology for the next 12 years. As at 31 December 2021 the present value of liability related to the provision amounted to €50,108 thousand (31 December 2020: €46,113 thousand). The utilization of this provision is expected during the years 2022 - 2033.

The closing amount of the environmental provisions as at 31 December 2021 is €50,893 thousand (31 December 2020: €46,657 thousand).

Provision for retirement and jubilee benefits

As at 31 December 2021 the Company has recognized a provision for retirement benefits of €13,196 thousand (31 December 2020: €14,969 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 May 2021 - April 2024, 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 eight times 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.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

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 2021 represented €2,595 thousand (31 December 2020: €2,531 thousand).

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

<i>in € thousands</i>	Retirement benefits		Jubilee benefits	
	2021	2020	2021	2020
At the beginning of the period	14,969	14,525	2,531	2,344
Past service cost	-	-	-	-
Current service cost	711	826	131	142
Unwinding of the discount	144	184	24	30
Provision used during the period	(855)	(592)	(282)	(322)
Actuarial (gains) and losses	(1,773)	26	191	337
At the end of the period	13,196	14,969	2,595	2,531

Actuarial (gains) and losses for the year 2021 and 2020 comprised of the following items:

<i>in € thousands</i>	Retirement benefits		Jubilee benefits	
	2021	2020	2021	2020
Actuarial (gains) and losses arising from changes in demographic assumptions	(3,834)	399	(822)	142
Actuarial (gains) and losses arising from changes in financial assumptions	84	45	16	44
Actuarial (gains) and losses arising from experience adjustments	1,977	(418)	997	151
Total actuarial (gains) and losses	(1,773)	26	191	337

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>	2021	2020
Past service cost	-	-
Current service cost	842	968
Actuarial (gains) and losses	191	337
Net benefit expense (Note 4)	1,033	1,305

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate (% p.a.)	0.86	0.96
Future salary increases (%)	3.00	2.00 - 3.00
Mortality index (male)	0.05 - 2.37	0.06 - 2.44
Mortality index (female)	0.03 - 0.99	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 2021 in the amount of 1,221,957 tons of CO₂ (2020: 1,310,346 tons of CO₂). The actual volume of emissions released for 2021 was 2,243,561 tons of CO₂ (2020: 2,193,994 tons of CO₂). In the financial statements as for the year ended 31 December 2021 the Company created the provision in the amount of €55,678 thousand (31 December 2020: €22,529 thousand).

21 Other non-current liabilities

<i>in € thousands</i>	2021	2020
<i>Other non-current non-financial liabilities</i>		
Government grants (Note 9.2)	8,623	9,432
Deferred compensation for property, plant and equipment	3,531	4,120
Other	819	468
Total other non-current non-financial liabilities	12,973	14,020
Total other non-current liabilities	12,973	14,020

22 Trade payables and other current liabilities

<i>in € thousands</i>	2021	2020
<i>Trade payables and other current financial liabilities</i>		
Trade payables	582,989	348,192
Collateral received regarding derivative transactions	2,400	-
Liabilities from matured unsettled derivative transactions	1,570	679
Liabilities to shareholders (dividends)	1,337	1,547
Cash collateral received	1,135	1,257
Other	1,139	939
Total trade payables and other current financial liabilities	590,570	352,614
Financial liabilities measured at fair value through profit or loss - derivatives	26,707	20,521
<i>Other current non-financial liabilities</i>		
Taxes, contributions payable, penalties	58,486	58,189
Amounts due to employees	18,830	13,962
Advances from customers	7,435	5,336
Liabilities from loyalty scheme BONUS	5,230	5,770
Public health and social insurance	3,196	3,196
Other	1,134	784
Total other current non-financial liabilities	94,311	87,237
Total trade payables and other current liabilities	711,588	460,372

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:

<i>in € thousands</i>	2021	2020
At the beginning of the period	57	193
Legal creation through expenses	639	864
Use	(517)	(1,000)
At the end of the period	179	57

23 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.

23.1 Reconciliation of financial instruments*Book value of financial instruments:*

<i>in € thousands</i>	Notes	2021	2020
Other non-current financial assets	12	550	450
Trade receivables	14	430,961	221,972
Other current financial assets	15	185,646	252,084
Cash and cash equivalents	16	40,731	26,238
Financial assets measured at amortized cost		657,888	500,744
Financial assets measured at fair value through other comprehensive income - equity instruments (Level 2)		2,370	2,370
Financial assets measured at fair value through profit or loss - derivatives (Level 2)	15	30,043	15,041
Financial assets measured at fair value		32,413	17,411
Total financial assets		690,301	518,155

<i>in € thousands</i>	Notes	2021	2020
Long-term debt, net of current portion	19.1	66,278	55,315
Trade payables and other current financial liabilities	22	590,570	352,614
Short-term debt	19.2	-	215,304
Current portion of long-term debt	19.1	14,556	13,654
Financial liabilities measured at amortized cost		671,404	636,887
Financial assets measured at fair value through profit or loss – derivatives (Level 2)	22	26,707	20,521
Financial liabilities measured at fair value		26,707	20,521
Total financial liabilities		698,111	657,408

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

2021 <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	6,185	673	-	(57)
Financial assets measured at fair value through other comprehensive income	-	890	-	-
Financial assets/liabilities measured at fair value through profit or loss	(22,682)	(2,013)	-	(2,745)
Financial liabilities measured at amortized cost	(13,150)	-	-	-
Total	(29,647)	(450)	-	(2,802)

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)

23.2 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 2021 the Company recorded the financial assets that would otherwise be past due or impaired whose terms have been renegotiated in amount of €97 thousand (31 December 2020: €329 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 €142,770 thousand as at 31 December 2021 (31 December 2020: €420,855 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 €795 thousand in 2021 (2020: €1,260 thousand).

Analysis of trade receivables:

2021 <i>in € thousands</i>	Nominal value	Provisions	Net book value
Not past due	415,677	109	415,568
Past due			
Up to 30 days	12,538	7	12,531
From 31 to 90 days	739	-	739
From 91 to 180 days	363	-	363
From 181 to 360 days	375	182	193
Over 361 days	3,767	2,200	1,567
Total trade receivables	433,459	2,498	430,961

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021

2020 in € thousands	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

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 2021 and 2020 were as follows:

2021 in € thousands	Total credit facilities	Drawn loans	Customs guarantees	Other guarantees	Undrawn credit facilities
<u>Long-term credit facilities</u>					
Other	80,834	(80,834)	-	-	-
Total long-term credit facilities	80,834	(80,834)	-	-	-
<u>Short-term credit facilities</u>					
Other	341,385	-	(49,675)	(5,997)	285,713
Total short-term credit facilities	341,385	-	(49,675)	(5,997)	285,713
Total credit facilities	422,219	(80,834)	(49,675)	(5,997)	285,713
2020 in € thousands	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

Of the undrawn credit facilities, the resources in the amount of €215,713 thousand as at 31 December 2021 (31 December 2020: €94,351 thousand) were uncommitted.

Analysis of liquidity risk:

2021 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	48,930	-	6,848	-
Up to 1 month	288,034	3,489	308,736	2,147
From 1 to 3 months	319,340	4,038	276,569	1,557
From 3 to 12 months	897	22,516	11,658	23,003
From 1 to 5 years	687	-	38,439	-
Over 5 years	-	-	27,840	-
Without maturity	-	-	1,314	-
Total	657,888	30,043	671,404	26,707

2020 <i>in € thousands</i>	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

Financial assets measured at fair value through other comprehensive income as at 31 December 2021 and 2020 represent capital instruments, which do not have determined maturity.

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

2021 <i>in € thousands</i>	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	-	6,848	-	-	6,848
Up to 1 month	3,270	305,616	-	2,147	311,033
From 1 to 3 months	703	275,863	-	1,557	278,123
From 3 to 12 months	10,846	929	-	23,003	34,778
From 1 to 5 years	42,003	-	-	-	42,003
Over 5 years	31,814	-	-	-	31,814
Without maturity	-	1,314	-	-	1,314
Total	88,636	590,570	-	26,707	705,913

2020 <i>in € thousands</i>	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

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>	2021		2020	
	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	1	0,25	(31)
EURIBOR 1M (EUR)	(0,25)	(1)	(0,25)	31
EURIBOR 3M (EUR)	0,25	114	0,25	18
EURIBOR 3M (EUR)	(0,25)	(114)	(0,25)	(18)
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>	2021		2020	
	Increase/ (decrease) of exchange rate (%)	Impact on profit before taxes	Increase/ (decrease) of exchange rate (%)	Impact on profit before taxes
USD	5.6	(18,243)	5.1	(9,245)
USD	(5.0)	16,407	(4.7)	8,383
HUF	5.7	(48)	5.8	(32)
HUF	(5.1)	43	(5.2)	29
CZK	4.2	2,798	6.1	2,392
CZK	(3.9)	(2,581)	(5.4)	(2,133)
PLN	4.5	1,556	4.6	529
PLN	(4.2)	(1,426)	(4.2)	(485)

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.

23.3 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:

in € thousands	2021	2020
Long-term debt, net of current portion	66,278	55,315
Short-term debt	-	215,304
Current portion of long-term debt	14,556	13,654
Less: cash and cash equivalents	(40,731)	(26,238)
Net debt	40,103	258,035
Equity	1,693,534	1,509,369
Capital and net debt	1,733,637	1,767,404
Gearing ratio (%)	2.31	14.60

24 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 2021 is €1,780 thousand (31 December 2020: €2,330 thousand).

The guarantees granted are as follows:

Debtor	Purpose	2021	Guarantee € thousands
		Valid until	
SWS spol. s r.o.	customs guarantee	indefinite period	1,650
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	December 2022	130

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

Capital and contractual commitments

The total value of capital commitments as at 31 December 2021 is €67,409 thousand (31 December 2020: €47,083 thousand) and relates to obligations to purchase property, plant and equipment in the amount of €65,083 thousand (31 December 2020: €44,473 thousand) and intangible assets in the amount of €2,326 thousand (31 December 2020: €2,610 thousand). The value of capital commitments includes the liability for the purchase of LUKOIL filling stations in the Slovak Republic.

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 2021.

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 €50,893 thousand for the estimated cost as at 31 December 2021 (31 December 2020: €46,657 thousand) for probable and quantifiable costs of rectifying past environmental damage (Note 20). 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.

25 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.

	2021	2020
Profit/(loss) for the period (€ thousands)	252,764	(81,886)
Weighted average number of shares	20,625,229	20,625,229
Basic/diluted earnings/(loss) per share (€)	12.26	(3.97)

26 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. 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 2021***The transactions with related parties:*

<i>in € thousands</i>	2021	2020
<u><i>Sales - products, goods and materials</i></u>		
SLOVNAFT Group	276,359	133,316
MOL Group (w/o SLOVNAFT Group companies)	1,364,458	897,926
Associated companies	2,584	2,485
Agentúra pre núdzové zásoby ropy a ropných výrobkov	29,854	31,795
Other related parties	95	65
<u><i>Sales - services and other operating revenues</i></u>		
SLOVNAFT Group	4,476	4,380
MOL Group (w/o SLOVNAFT Group companies)	12,469	21,640
Associated companies	77	82
Agentúra pre núdzové zásoby ropy a ropných výrobkov	-	996
Other related parties	4	4
<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	11	89
MOL Group (w/o SLOVNAFT Group companies)	627	173
Associated companies	23	46
<u><i>Other finance revenues</i></u>		
SLOVNAFT Group	-	24
<u><i>Dividends received</i></u>		
SLOVNAFT Group	19,353	711
MOL Group (w/o SLOVNAFT Group companies)	890	-
Associated companies	52,462	270
<i>in € thousands</i>	2021	2020
<u><i>Purchases - raw materials, goods and energy</i></u>		
SLOVNAFT Group	180	638
MOL Group (w/o SLOVNAFT Group companies)	440,864	237,524
Associated companies	77,018	43,600
Agentúra pre núdzové zásoby ropy a ropných výrobkov	29,877	31,710
<u><i>Purchases - services and other operating expenses</i></u>		
SLOVNAFT Group	105,212	93,048
MOL Group (w/o SLOVNAFT Group companies)	25,317	9,907
Associated companies	15	15
Agentúra pre núdzové zásoby ropy a ropných výrobkov	53,079	52,531
Other related parties	64	242
<u><i>Purchases - property, plant and equipment</i></u>		
SLOVNAFT Group	19,226	21,430
MOL Group (w/o SLOVNAFT Group companies)	14,589	13,760
<u><i>Purchases - intangible assets</i></u>		
SLOVNAFT Group	160	20
MOL Group (w/o SLOVNAFT Group companies)	27,471	17,378
<u><i>Interest expense</i></u>		
MOL Group (w/o SLOVNAFT Group companies)	310	92
Associated companies	158	180

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021**

<i>in € thousands</i>	2021	2020
<u>Receivables</u>		
SLOVNAFT Group	26,343	11,090
MOL Group (w/o SLOVNAFT Group companies)	201,180	76,651
Associated companies	1,237	1,188
Agentúra pre núdzové zásoby ropy a ropných výrobkov	1	-
Other related parties	10	5
<u>Loans granted</u>		
SLOVNAFT Group (Note 12 and 15)	553	482
MOL Group (w/o SLOVNAFT Group companies) (Note 15)	184,443	242,498
Associated companies (Note 12)	-	2,233
<u>Payables</u>		
SLOVNAFT Group	27,761	25,398
MOL Group (w/o SLOVNAFT Group companies)	121,790	71,238
Associated companies	5,369	5,094
Agentúra pre núdzové zásoby ropy a ropných výrobkov	4,257	4,129
Other related parties	9	31
<u>Loans received</u>		
Associated companies	3,205	3,694
MOL Group (w/o SLOVNAFT Group companies)	494	641

Statutory boards of the Company

According to an extract from the Commercial Register of District Court in Bratislava I as at 31 December 2021 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 Pethő

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

No remuneration was paid to the members of the Board of Directors in 2021 (2020: €24 thousand). The total remuneration of members of the Supervisory Board amounted to €174 thousand in 2021 (2020: €174 thousand).

Key management compensation

<i>in € thousands</i>	2021	2020
Salaries	803	580
Legal and voluntary retirement contributions	80	80
Public health insurance	80	96
Other social insurance	73	24
Other personnel expenses	120	120
Provision for retirement and jubilee benefits	(148)	(63)
Expenses of share-based payments	195	(178)
Total	1,203	659

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

	2021		2020	
	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	172,720	8.30	171,200	8.00
Granted during the period	20,000	7.91	54,320	8.01
Forfeited during the period	(16,803)	7.91	-	-
Exercised during the period	-	-	(52,800)	4.57
Expired during the period	(59,200)	8.42	-	-
Outstanding at the end of the period	116,717	8.10	172,720	8.30
Exercisable at the end of the period	62,160	8.27	59,200	8.51

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 2021 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.

27 Events after the reporting period

Russia – Ukraine conflict

The economic consequences of Russia's invasion of Ukraine that commenced on 24 February 2022 may affect the Company. Management is continuously investigating and assessing the possible effects of the current geopolitical situation, international sanctions and other possible limitations on the supply chain and business activities. The Company has made decisions in its credit policy to minimize the exposure.

The Company is exposed to risk related to the physical flow of crude oil through the transportation system in Russia and Ukraine. To date, the physical flow of the crude oil has not been restricted. Management is taking actions to manage the risk of possible crude oil supply disruption, including consideration of using alternative supply routes of sufficient capacity. Slovnaft has access to state reserves which enables it to supply its markets for more than 90 days even if all crude oil transportation is shut down.