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 2022

Independent Auditor's Report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of SLOVNAFT, a.s. (the "Company") as at 31 December 2022, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of comprehensive income for the year ended 31 December 2022;
- the separate statement of financial position as at 31 December 2022;
- the separate statement of changes in equity for the year then ended;
- the separated statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

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 separate financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act No. 423/2015 on Statutory Audit and on the amendments and supplements to the Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to our audit of the financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Act on Statutory Audit.

Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the separate financial statements and our auditor's report thereon).

Our opinion on the separate financial statements does not cover the other information.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, we considered whether it includes the disclosures required by the Act on Accounting No. 431/2002, as amended (hereafter the “Accounting Act”).

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the financial year for which the separate financial statements are prepared, is consistent with the separate financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Report. We have nothing to report in this regard.

Responsibilities of management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

PricewaterhouseCoopers Slovensko, s.r.o.

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PricewaterhouseCoopers Slovensko, s.r.o.

8 June 2023
Bratislava, Slovak Republic

SLOVNAFT, a. s.

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

for the year ended 31 December 2022

Bratislava, 8 June 2023

Oszkár Világi	**Marek Senkovič**
Chairman of the Board of Directors	Member of the Board of Directors

General information

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

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

The Company’s registered address and registration numbers are:
SLOVNAFT, a.s.
Vlčie hrdlo 1
824 12 Bratislava
Slovak Republic
Registration number: 31 322 832
Tax registration number: 2020372640
Legal Entity Identifier (LEI): 213800SQ8HA3IZPO1G03

The direct parent and the ultimate controlling party 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 2022, the Company had 2,172 employees (31 December 2021: 2,206). Average calculated number of employees as at 31 December 2022 was 2,184 (31 December 2021: 2,224), 133 of which were management (31 December 2021: 127 managers).

Authorization and statement of compliance

These separate financial statements were approved and authorized for issue by the Board of Directors on 8 June 2023.

The separate financial statements of the Company for the previous period were approved by the Annual General Meeting of the Company held on 20 May 2022.

These separate financial statements are placed at the Company’s registered address, at the Register of financial statements, and at the Commercial Register of City Court Bratislava III.

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”) as 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”).

in € thousands	**Notes**	**2022**	**2021** *Restated**
Revenue	2	6,064,397	3,996,896
Other operating income	3	14,369	11,268
Total operating income		**6,078,766**	**4,008,164**
Raw materials and consumables used		(4,336,376)	(3,234,589)
Personnel expenses	4	(113,025)	(110,514)
Depreciation, depletion, amortization and impairment	8.1, 8.2	(184,407)	(178,275)
Other operating expenses	5	(414,815)	(356,665)
Change in inventories of finished goods and work in progress		13,710	120,619
Work performed by the enterprise and capitalized		1,272	1,332
Total operating expenses		**(5,033,641)**	**(3,758,092)**
Profit/(loss) from operations		**1,045,125**	**250,072**
Finance income	6	78,314	94,197
Finance expenses	6	(83,206)	(41,304)
Finance income/(expenses), net		**(4,892)**	**52,893**
Profit/(loss) before tax		**1,040,233**	**302,965**
Income tax expense	7	(625,260)	(50,201)
Profit/(loss) for the period		**414,973**	**252,764**
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension plans	25	1,047	1,773
Income tax relating to items that will not be reclassified to profit/(loss)	7	(220)	(372)
Total items that will not be reclassified to profit/(loss)		**827**	**1,401**
Other comprehensive income for the period		**827**	**1,401**
Total comprehensive income for the period		**415,800**	**254,165**

** more information in Note 1.7 Restatement of comparative periods*

in € thousands	Notes	31 December 2022	31 December 2021	1 January 2021
			*Restated**	*Restated**
ASSETS				
Non-current assets				
Intangible assets	8.1	18,972	23,705	20,745
Property, plant and equipment	8.2	1,377,384	1,406,432	1,483,526
Investments in subsidiaries	9	81,480	56,527	46,027
Investments in associated companies	10	71,428	71,428	71,428
Financial assets measured at fair value through other comprehensive income	11	2,370	2,370	2,370
Other non-current financial assets	12	750	550	450
Other non-current assets	13	8,566	1,306	1,324
Total non-current assets		**1,560,950**	**1,562,318**	**1,625,870**
Current assets				
Inventories	14	356,254	399,197	256,375
Trade receivables	15	592,171	430,961	221,972
Derivative financial instruments	16	19,975	30,043	15,041
Intercompany loans	17	137,305	3	215,340
Receivables from cash-pooling	18	1,074,026	184,443	29,423
Other current financial assets	19	4,936	1,200	7,321
Other current assets	20	63,750	66,461	23,185
Cash and cash equivalents	21	60,966	40,731	26,238
Total current assets		**2,309,383**	**1,153,039**	**794,895**
Assets classified as held for sale	22	19,371	19,380	-
TOTAL ASSETS		**3,889,704**	**2,734,737**	**2,420,765**
EQUITY AND LIABILITIES				
Equity				
Share capital	23.1	684,758	684,758	684,758
Share premium		121,119	121,119	121,119
Other funds	23.2	302,603	302,603	302,603
Retained earnings	23.3	848,524	582,724	398,559
Other components of equity	23.4	2,330	2,330	2,330
Total equity		**1,959,334**	**1,693,534**	**1,509,369**
Non-current liabilities				
Lease liabilities	24.1	62,133	66,278	55,315
Provisions	25	61,085	61,245	59,121
Deferred tax liabilities	7	60,699	63,216	62,875
Other non-current liabilities	26	20,077	12,973	14,020
Total non-current liabilities		**203,994**	**203,712**	**191,331**
Current liabilities				
Trade payables	29	585,336	582,989	348,192
Derivative financial instruments	16	9,413	26,707	20,521
Other current financial liabilities	27	186,553	7,581	4,422
Other current liabilities	28	104,272	94,311	87,237
Provisions	25	88,523	61,117	30,735
Bank loans	24.2	135,743	-	215,304
Lease liabilities	24.1	14,762	14,556	13,654
Income tax payable	7	601,774	50,230	-
Total current liabilities		**1,726,376**	**837,491**	**720,065**
TOTAL EQUITY AND LIABILITIES		**3,889,704**	**2,734,737**	**2,420,765**

**more information in Note 1.7 Restatement of comparative periods*

Separate statement of changes in equity for the year ended 31 December 2022

in € thousands	Share capital	Share premium	Other funds	Retained earnings	Other components of equity	**Total equity**
1 January 2021	**684,758**	**121,119**	**302,603**	**398,559**	**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 declared and paid	-	-	-	(70,000)	-	**(70,000)**
Reclassification of actuarial gains/(losses) on defined benefit pension plans (Note 23.4)	-	-	-	1,401	(1,401)	**-**
31 December 2021	**684,758**	**121,119**	**302,603**	**582,724**	**2,330**	**1,693,534**
Profit/(loss) for the period	-	-	-	414,973	-	**414,973**
Other comprehensive income for the period	-	-	-	-	827	**827**
Total comprehensive income for the period	-	-	-	**414,973**	**827**	**415,800**
Dividends declared and paid (Note 23.3)	-	-	-	(150,000)	-	**(150,000)**
Reclassification of actuarial gains/(losses) on defined benefit pension plans (Note 23.4)	-	-	-	827	(827)	-
31 December 2022	**684,758**	**121,119**	**302,603**	**848,524**	**2,330**	**1,959,334**

in € thousands	Notes	2022	2021 *Restated**
Profit/(loss) before tax		1,040,233	302,965
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities			
Depreciation, depletion, amortization and impairment		184,407	178,275
Amortization of government grants	3	(2,265)	(811)
Write-down/(reversal of write-down) of inventories, net		3,486	2,300
Increase/(decrease) in provisions, net		29,631	34,278
(Profit)/loss from the sale of intangible assets and property, plant and equipment	3	(10,058)	(420)
Write-off of receivables and addition/(reversal) of impairment, net		1,609	-
Write-off of liabilities		-	(122)
Net foreign exchange (gain)/loss on receivables and payables	6	30,884	15,732
(Profit)/loss from the sale of subsidiary	6	67	-
Interest revenue	6	(4,438)	(673)
Interest expense on borrowings	6	2,366	2,013
Net foreign exchange (gain)/loss on cash and cash equivalents	6	(708)	906
Other finance (profit)/loss, net	6	343	684
Dividend income	6	(23,563)	(72,705)
Other non-cash items		(980)	(573)
Operating cash flow before changes in working capital		**1,251,014**	**461,849**
(Increase)/decrease in inventories		42,117	(145,121)
(Increase)/decrease in trade receivables		(164,433)	(204,066)
(Increase)/decrease in other assets		10,680	(60,911)
Increase/(decrease) in trade payables		(38,565)	220,589
Increase/(decrease) in other liabilities		174,361	23,553
Corporate income tax (paid)/returned		(76,454)	(3)
Net cash provided by/(used in) operating activities		**1,198,720**	**295,890**
Payments for intangible assets and property, plant and equipment		(131,857)	(101,916)
Proceeds from disposal of intangible assets and property, plant and equipment		10,244	467
Proceeds from disposal of subsidiary		700	-
Acquisition of subsidiaries	9	(25,721)	(10,500)
Long-term loans granted	12	(200)	(100)
Long-term loans repaid		-	1,800
Intercompany loans granted		(138,150)	-
Intercompany loans repaid		1,650	213,000
Increase in receivables from cash-pooling		(981,491)	(211,506)
Decrease in receivables from cash-pooling		91,908	56,485
Interest received		3,636	1,211
Other finance income		321	3
Dividends received from subsidiaries		3,497	20,063
Dividends received from associated companies		18,411	52,463
Dividends received from other participations		230	890
Net cash provided by/(used in) investing activities		**(1,146,822)**	**22,360**
Proceeds from short-term bank borrowings	24.3	135,000	-
Repayments of short-term bank borrowings	24.3	-	(213,000)
Repayments of lease liabilities	24.3	(15,077)	(14,634)
Proceeds/(payments) from derivative transactions, net		(591)	(669)
Interest paid		(1,623)	(2,057)
Other finance costs		(78)	(13)
Dividends paid to shareholders		(150,002)	(70,210)
Net cash provided by/(used in) financing activities		**(32,371)**	**(300,583)**
Increase/(decrease) in cash and cash equivalents		**19,527**	**17,667**
Cash and cash equivalents at the beginning of the period	21	40,731	23,970
Effects of exchange rate changes	6	708	(906)
Cash and cash equivalents at the end of the period	21	60,966	40,731

**more information in Note 1.7 Restatement of comparative periods*

1 Accounting information, policies and significant estimates

1.1 Basis of preparation

These separate financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and interpretations issued by IFRS Interpretations Committee as adopted by the EU and effective on 31 December 2022.

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 related disclosures. 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, and IFRS 10.4(a), 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., Dombóvári út 28., 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 2021 except following voluntary amendment:

The Company has performed an internal, comprehensive review of its pricing procedures. As part of these procedures pricing methodologies were assessed and product prices were broken down into components. Management identified that although EU countries are required to maintain emergency stocks of oil which can be used in case of a disruption to supply emergency oil stocks, governments cover the related expenses in levying a stockpiling fee on wholesalers or incorporating it in the excise duty. Fees collected from customers that must be remitted to a governmental entity do not meet the criteria for recognition as net revenue under IFRS 15. Management aligned presentation of stockpiling fee on a net basis with excise duties and excluded it from revenue.

As a result of the revision €53,035 thousand was netted between revenue and other operating expenses in 2021.

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

- 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
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous
- IFRS 16 Leases - Amendment to extend an exemption provided to lessees from assessing whether a COVID-19-related rent concession is a lease modification
- Annual Improvements 2018 - 2020

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 10 Consolidated Financial Statements - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)
- 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 - Amendments clarifying subsequent measurement of sale and leaseback transactions (effective for annual periods beginning on or after 1 January 2024, this amendment has not been approved by EU yet)
- 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)
- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective for annual periods beginning on or after 1 January 2024, 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)
- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective for annual periods beginning on or after 1 January 2024, 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)
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for annual periods beginning on or after 1 January 2023)
- IAS 28 Investments in Associates and Joint Ventures - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)

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

1.5 Significant accounting policies

Functional and presentation currency

The items included in these financial statements are measured in euro ("€“), which has been determined as the currency of the primary economic environment in which the Company operates ("functional currency"). These financial statements are presented in €, rounded to thousands, unless otherwise stated.

Foreign currency transactions

The foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. 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 defer from these estimates. These are detailed in the respective notes.

Effect of climate-related matters and energy transition on the significant accounting estimates

As part of the Enterprise Risk Management framework the Company identified climate-related matters as a material risk. The Company's long-term transformational strategy was created assessing these risks and represents how the Company plans to mitigate the low-carbon economy transition risks. In addition, the strategy was revised in line with the European Union's Fit for 55 regulation in 2021.

The Company acknowledges that the energy transition will occur, however there is a significant uncertainty around the pace of the transition. IFRS requires entities to use the latest available and reliable information when developing an accounting estimate. The significant accounting estimates affecting the amounts reported in the separate financial statements are prepared in line with the long-term strategy of the Company, which represents management's best estimate of the possible outcomes and risks associated with the transition to a low carbon world. The Company expects climate-related matters to have an impact on the separate financial statements in the long-term and incorporates these factors into accounting estimates. Assumptions and information used like: Brent oil, NCG gas, CO2 quota price assumptions and applied industrial discount rates take into consideration the effects of the climate related matters and are in line with external information. Significant accounting estimates that could be affected by the climate change and energy transition are recoverability of assets, and useful lives of tangible and intangible assets. For the assumptions and valuation techniques used please refer to the respective notes in the separate financial statements (Note 8).

Significant impact on operation

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's refining business is exposed to the physical flow of crude oil through the transportation system in Russia and Ukraine. The physical flow of the crude oil from Russia has been periodically disrupted due to war damage on Ukrainian energy infrastructure. An alternative supply route from the Mediterranean Sea, via Croatia and Hungary, exists however that can supply the Company with seaborne cargoes of crude oil. The European Union has imposed a partial embargo on Russian crude oil imports as of 5 December 2022 and on Russian petroleum product imports as of 5 February 2023. At the same time, a ban the export of petroleum products obtained from Russian crude oil has been put in place. The regulations however allow for the continued import of Russian crude oil by pipeline, as well as the continued export of petroleum products obtained from Russian crude to the Czech Republic until 5 December 2023 and indefinitely as long as the percentage of exports do not exceed the percentage of crude of non-Russian origin if blended with Russian crude as refinery feedstock.

Management is taking actions to manage the risk of possible crude oil supply disruption, including consideration of using alternative supply routes of sufficient capacity. The Company has access to state reserves which enables it to supply its markets in case of interruptions of Druzhba pipeline.

Solidarity Contribution Tax

On 6 October 2022, the Council of the European Union adopted a Regulation on „an emergency intervention to address high energy prices". One of the measures of the Regulation is the temporary Solidarity Contribution. The Solidarity Contribution applies to EU companies and permanent establishments with certain activities in the crude petroleum, natural gas, coal and refinery sectors. The base of the Solidarity Contribution is the taxable profits realized in 2022 and / or 2023 which are above 20% increase of the average taxable profits realized in the four preceding fiscal years. The applicable rate is minimum 33%. Slovak Republic enacted local regulation for 2022 with applicable rate of 55%.

Management believes that the Solidarity Contribution, as enacted by the Slovak Republic may be in conflict with domestic and/or international legislation, therefore the amount of €410,617 thousand presented among income tax liability in the statement of financial position and in tax expense for the year ended 31 December 2022 represents an uncertain tax position.

COVID-19 pandemic

In 2022, the COVID-19 pandemic had no significant impact on operations and financial results, and it became part of the usual business.

1.7 Restatement of comparative periods

The Company restated its comparative periods due to the retrospective application of an accounting policy change and due to errors detected during the 2022 financial year. Corrections of errors and effects of the accounting policy change are presented below in the primary statements.

Detailed description of the errors detected during 2022

a) The Company reassessed the accounting treatment of the inventory purchased and sold under rotation of state reserves and corrected presentation of these transactions from gross to net approach. As a result of the revision €17,532 thousand was netted between revenue and raw materials and consumables used in 2021.

b) The Company reassessed the disclosures of foreign exchange gains and losses. While under previous approach net gains/losses were disclosed either in finance income or finance expenses, under the new practice, gains and losses are not netted but disclosed gross. As a result, both finance income and finance expenses were increased by €20,816 thousand in 2021.

c) The Company corrected presentation of financial instruments and in addition to disclosures in the notes separately disclosed them also on the face of statement of financial position. 2021 comparatives were adjusted accordingly. The overview of the impact of the restatements is presented in the table below.

d) The Company corrected presentation of Other funds of €302,603 thousand which are now presented separately from Retained earnings on the face of statement of financial position.

e) The Company corrected presentation of purchased emission quotas in statement of cash flows. 2021 comparatives were adjusted accordingly for €27,053 thousand.

f) The Company corrected presentation of drawing and installments of intercompany loans, cashpool and bank loans from net to gross presentation in statement of cash flows. 2021 comparatives were adjusted accordingly. The overview of the impact of the restatements is presented in the table below.

g) The Company corrected presentation of dividends received to separate presentation of dividends received from subsidiaries, associated companies and other participations in statement of cash flows. The overview of the impact of the restatements is presented in the table below.

Changes in presentatioin

h) The Company in 2022 changed presentation of Value of services used and started presenting Value of services used as part of Other operating expenses. 2021 comparatives were adjusted accordingly for €222,058 thousand.

Transactions due to voluntary accounting policy amendments

i) The accounting treatment for fees paid to Agentúra pre núdzové zásoby ropy a ropných výrobkov (Emergency Oil Stocks Agency) was reassessed by the Company. Management identified that although EU countries are required to maintain emergency stocks of oil which can be used in case of a disruption to supply emergency oil stocks, governments cover the related expenses in levying a stockpiling fee on wholesalers or incorporating it in the excise duty. Fees collected from customers that must be remitted to a governmental entity do not meet the criteria for recognition as net revenue under IFRS 15. Management aligned presentation of stockpiling fee on a net basis with excise duties and excluded it from revenue. The fees previously included in other operating expenses and also contained in revenues are shown under new treatment on net bases. Change of comparative information resulted in netting of €53,035 thousand in 2021.

Effect of the restatements on the separate statement of comprehensive income

in € thousands	Reference	2022	2021	Increase/ (Decrease)	2021
			*Restated**		
Revenue	a,i	6,064,397	3,996,896	(70,567)	4,067,463
Other operating income		14,369	11,268	-	11,268
Total operating income		**6,078,766**	**4,008,164**	**(70,567)**	**4,078,731**
Raw materials and consumables used	a	(4,336,376)	(3,234,589)	17,532	(3,252,121)
Personnel expenses		(113,025)	(110,514)	-	(110,514)
Depreciation, depletion, amortization and impairment		(184,407)	(178,275)	-	(178,275)
Value of services used	*h*	-	-	*222,058*	*(222,058)*
Other operating expenses	h, i	(414,815)	(356,665)	(169,023)	(187,642)
Change in inventories of finished goods and work in progress		13,710	120,619	-	120,619
Work performed by the enterprise and capitalized		1,272	1,332	-	1,332
Total operating expenses		**(5,033,641)**	**(3,758,092)**	**70,567**	**(3,828,659)**
Profit/(loss) from operations		**1,045,125**	**250,072**	-	**250,072**
Finance income	b	78,314	94,197	20,816	73,381
Finance expenses	b	(83,206)	(41,304)	(20,816)	(20,488)
Finance income/(expenses), net		**(4,892)**	**52,893**	**-**	**52,893**
Profit/(loss) before tax		**1,040,233**	**302,965**	-	**302,965**
Income tax expense		(625,260)	(50,201)	-	(50,201)
Profit/(loss) for the period		**414,973**	**252,764**	-	**252,764**
Other comprehensive income:					
Actuarial gains/(losses) on defined benefit pension plans		1,047	1,773	-	1,773
Income tax relating to items that will not be reclassified to profit/(loss)		(220)	(372)	-	(372)
Total items that will not be reclassified to profit/(loss)		**827**	**1,401**	-	**1,401**
Other comprehensive income for the period		**827**	**1,401**	-	**1,401**
Total comprehensive income for the period		**415,800**	**254,165**	**-**	**254,165**

Effect of the restatements on the separate statement of financial position

in € thousands	Ref.	31 December 2022	31 December 2021	Increase/ (Decrease)	31 December 2021	1 January 2021	Increase/ (Decrease)	31 December 2020
			*Restated**			*Restated**		
ASSETS								
Non-current assets								
Intangible assets		18,972	23,705	-	23,705	20,745	-	20,745
Property, plant and equipment		1,377,384	1,406,432	-	1,406,432	1,483,526	-	1,483,526
Investments in subsidiaries		81,480	56,527	-	56,527	46,027	-	46,027
Investments in associated companies		71,428	71,428	-	71,428	71,428	-	71,428
Financial assets measured at fair value through other comprehensive income		2,370	2,370	-	2,370	2,370	-	2,370
Other non-current financial assets	c	750	550	550	-	450	450	-
Other non-current assets	c	8,566	1,306	(550)	1,856	1,324	(450)	1,774
Total non-current assets		**1,560,950**	**1,562,318**	**-**	**1,562,318**	**1,625,870**	**-**	**1,625,870**
Current assets								
Inventories		356,254	399,197	-	399,197	256,375	-	256,375
Trade receivables		592,171	430,961	-	430,961	221,972	-	221,972
Derivative financial instruments	c	19,975	30,043	30,043	-	15,041	15,041	-
Intercompany loans	c	137,305	3	3	-	215,340	215,340	-
Receivables from cash-pooling	c	1,074,026	184,443	184,443	-	29,423	29,423	-
Other current financial assets	c	4,936	1,200	1,200	-	7,321	7,321	-
Other current assets	c	63,750	66,461	(215,689)	282,150	23,185	(267,125)	290,310
Cash and cash equivalents		60,966	40,731	-	40,731	26,238	-	26,238
Total current assets		**2,309,383**	**1,153,039**	**-**	**1,153,039**	**794,895**	**-**	**794,895**
Assets classified as held for sale		19,371	19,380	-	19,380	-	-	-
TOTAL ASSETS		**3,889,704**	**2,734,737**	**-**	**2,734,737**	**2,420,765**	**-**	**2,420,765**
EQUITY AND LIABILITIES								
Equity								
Share capital		684,758	684,758	-	684,758	684,758	-	684,758
Share premium		121,119	121,119	-	121,119	121,119	-	121,119
Other funds	d	302,603	302,603	302,603	-	302,603	302,603	-
Retained earnings	d	848,524	582,724	(302,603)	885,327	398,559	(302,603)	701,162
Other components of equity		2,330	2,330	-	2,330	2,330	-	2,330
Total equity		**1,959,334**	**1,693,534**	**-**	**1,693,534**	**1,509,369**	**-**	**1,509,369**
Non-current liabilities								
Lease liabilities		62,133	66,278	-	66,278	55,315	-	55,315
Provisions		61,085	61,245	-	61,245	59,121	-	59,121
Deferred tax liabilities		60,699	63,216	-	63,216	62,875	-	62,875
Other non-current liabilities		20,077	12,973	-	12,973	14,020	-	14,020
Total non-current liabilities		**203,994**	**203,712**	**-**	**203,712**	**191,331**	**-**	**191,331**
Current liabilities								
Trade payables and other current liabilities	c	*-*	*-*	*(711,588)*	*711,588*	*-*	*(460,372)*	*460,372*
Trade payables	c	585,336	582,989	582,989	-	348,192	348,192	-
Derivative financial instruments	c	9,413	26,707	26,707	-	20,521	20,521	-
Other current financial liabilities	c	186,553	7,581	7,581	-	4,422	4,422	-
Other current liabilities	c	104,272	94,311	94,311	-	87,237	87,237	-
Provisions		88,523	61,117	-	61,117	30,735	-	30,735
Bank loans		135,743	-	-	-	215,304	-	215,304
Lease liabilities		14,762	14,556	-	14,556	13,654	-	13,654
Income tax payable		601,774	50,230	-	50,230	-	-	-
Total current liabilities		**1,726,376**	**837,491**	**-**	**837,491**	**720,065**	**-**	**720,065**
TOTAL EQUITY AND LIABILITIES		**3,889,704**	**2,734,737**	**-**	**2,734,737**	**2,420,765**	**-**	**2,420,765**

Effect of the restatements on the separate statement of cash flows

in € thousands	Ref.	2022	2021 Restated*	Increase/ (Decrease)	2021
Profit/(loss) before tax		1,040,233	302,965	-	302,965
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities					
Depreciation, depletion, amortization and impairment		184,407	178,275	-	178,275
Amortization of government grants		(2,265)	(811)	-	(811)
Write-down/(reversal of write-down) of inventories, net		3,486	2,300	-	2,300
Increase/(decrease) in provisions, net		29,631	34,278	-	34,278
(Profit)/loss from the sale of intangible assets and property, plant and equipment		(10,058)	(420)	-	(420)
Write-off of receivables and addition/(reversal) of impairment, net		1,609	-	-	-
Write-off of liabilities		-	(122)	-	(122)
Net foreign exchange (gain)/loss on receivables and payables		30,884	15,732	-	15,732
(Profit)/loss from the sale of subsidiary		67	-	-	-
Interest revenue		(4,438)	(673)	-	(673)
Interest expense on borrowings		2,366	2,013	-	2,013
Net foreign exchange (gain)/loss on cash and cash equivalents		(708)	906	-	906
Other finance (profit)/loss, net		343	684	-	684
Dividend income		(23,563)	(72,705)	-	(72,705)
Surrendered emission quotas	e	-	-	(27,053)	27,053
Other non-cash items		(980)	(573)	-	(573)
Operating cash flow before changes in working capital		**1,251,014**	**461,849**	**(27,053)**	**488,902**
(Increase)/decrease in inventories		42,117	(145,121)	-	(145,121)
(Increase)/decrease in trade receivables		(164,433)	(204,066)	-	(204,066)
(Increase)/decrease in other assets		10,680	(60,911)	-	(60,911)
Increase/(decrease) in trade payables		(38,565)	220,589	-	220,589
Increase/(decrease) in other liabilities		174,361	23,553	-	23,553
Corporate income tax (paid)/returned		(76,454)	(3)	-	(3)
Net cash provided by/(used in) operating activities		**1,198,720**	**295,890**	-	**322,943**
Payments for intangible assets and property, plant and equipment	e	(131,857)	(101,916)	27,053	(128,969)
Proceeds from disposal of intangible assets and property, plant and equipment		10,244	467	-	467
Proceeds from disposal of subsidiary		700	-	-	-
Acquisition of subsidiaries		(25,721)	(10,500)	-	(10,500)
Long-term loans granted		(200)	(100)	-	(100)
Long-term loans repaid		-	1,800	-	1,800
Short-term loans (granted)/repaid, net	*f*	-	-	*(57,979)*	*57,979*
Intercompany loans granted		(138,150)	-	-	-
Intercompany loans repaid	f	1,650	213,000	213,000	-
Increase in receivables from cash-pooling	f	(981,491)	(211,506)	(211,506)	-
Decrease in receivables from cash-pooling	f	91,908	56,485	56,485	-
Interest received		3,636	1,211	-	1,211
Other finance income		321	3	-	3
Dividends receivedand income from the decrease of share capital of the associated companies	*g*	-	-	*(73,416)*	*73,416*
Dividends received from subsidiaries	g	3,497	20,063	20,063	-
Dividends received from associated companies	g	18,411	52,463	52,463	-
Dividends received from other participations	g	230	890	890	-
Net cash provided by/(used in) investing activities		**(1,146,822)**	**22,360**	**27,053**	**(4,693)**
Proceeds from/(repayments of) short-term bank borrowings, net	*f*	-	-	*213,000*	*(213,000)*
Proceeds from short-term bank borrowings		135,000	-	-	-
Repayments of short-term bank borrowings	f	-	(213,000)	(213,000)	-
Repayments of lease liabilities		(15,077)	(14,634)	-	(14,634)
Proceeds/(payments) from derivative transactions, net		(591)	(669)	-	(669)
Interest paid		(1,623)	(2,057)	-	(2,057)
Other finance costs		(78)	(13)	-	(13)
Dividends paid to shareholders		(150,002)	(70,210)	-	(70,210)
Net cash provided by/(used in) financing activities		**(32,371)**	**(300,583)**	**-**	**(300,583)**
Increase/(decrease) in cash and cash equivalents		**19,527**	**17,667**	**-**	**17,667**
Cash and cash equivalents at the beginning of the period		40,731	23,970	-	23,970
Effects of exchange rate changes		708	(906)	-	(906)
Cash and cash equivalents at the end of the period		60,966	40,731	-	40,731

2 Revenue

Accounting policies

IFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised 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 recognised 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 recognised when control of the goods or services are transferred to the customer. Revenue from services are recognized over time, revenue from remaining product lines are recognized at point in time.

The Company has generally concluded that:

• it satisfies performance obligations at a point in time (except for transportation revenues as per the next paragraph), because control is transferred to the customer on delivery of the goods. Under IFRS, the transfer of risk according to Incoterms rules applied by the Company is not a sufficient criterion for recognizing revenue, because IFRS 15 Revenue from Contracts with Customers is based on the control concept. For performance obligations to be satisfied at a particular point in time, the Company has to determine at which point in time the customer obtains control of the promised goods. The transfer of significant risk and rewards of ownership of an asset – which equals the transfer of risk as defined in the Incoterms rules – is only one indicator to consider in determining when control has been transferred. The Company may apply different Incoterms rules to different transactions (nearly all known Incoterms rules are used by the Company), thus the transfer of control shall be assessed individually in each case.

• for some Incoterms with separate performance obligation related to transportation, related transportation revenues are recognized with revenue from services as presented in the table below. Transportation periods are generally short and related revenues are recognized over time.

• it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to customers (except to those cases, which are explicitly stated in the financial statements);

• significant financing component does not exist, because the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is expected to be one year or less at contract inception.

Lease income from operating lease is recognised on a straight-line basis over the lease term.

Revenues are recognized net of the amount of stockpiling association fees *and 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

in € thousands	**2022**	**2021**
		Restated
Motor fuels	4,540,832	2,627,244
Other refinery products	253,559	221,458
Plastics	674,429	753,619
Chemicals	252,900	173,027
Trading with commodities	51,635	-
Shop goods	184,977	163,211
Services	55,936	48,940
Other	50,129	9,397
Total	**6,064,397**	**3,996,896**

Sales by geographical areas

in € thousands	2022	2021
		Restated
Slovak Republic	2,646,914	1,199,724
Hungary	916,099	725,913
Czech Republic	877,646	712,088
Poland	489,278	462,468
Austria	422,491	298,020
Germany	223,765	204,339
Serbia	115,984	69,163
Italy	98,399	91,117
Croatia	67,156	36,240
Romania	50,857	47,233
Switzerland	31,749	31,380
The Netherlands	22,169	22,617
United Kingdom	15,399	27,119
Other	86,491	69,475
Total	**6,064,397**	**3 996,896**

The basis for attributing revenues from external customers to individual countries is the customer's registered office.

Based on the IFRS 15 Revenue from Contracts with Customers standard agent-principal consideration, excise duties and similar levies or fees are recognised with net presentation in the financial statements as Company act as an „agent" and collects the excise duties from third parties to the state. Total amount of the excise duty collected from customers was €846,158 thousand in 2022 and €722,179 thousand in 2021.

Major customers

Revenue arising from transactions with the parent company MOL Nyrt., including companies under its control, amounts to €2,555,053 thousand which represents 42.1% of the total revenue in 2022 (2021: €1,657,500 thousand, 40.8%).

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

in € thousands	2022	2021
Gain on sale of intangible assets and property, plant and equipment	10,058	420
Amortization of government grants	2,265	811
Compensation of the cost of economic mobilization	460	209
Compensation for damages	165	169
Government grants for compensation of expenses	149	8,321
Penalties and late payment interest	55	61
Other	1,217	1,277
Total other operating income	**14,369**	**11,268**

4 Personnel expenses

in € thousands	2022	2021
Wages and salaries	74,262	72,423
Legal and voluntary retirement contributions	13,749	12,091
Public health insurance	8,714	7,601
Other social insurance	6,938	9,126
Other personnel expenses	7,990	7,784
Provision for retirement and jubilee benefits (Note 25)	863	1,033
Expenses of share-based payments	509	456
Total personnel expenses	**113,025**	**110,514**

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.

in € thousands	**2022**	**2021**
Restricted Share Plan	423	403
Absolute Share Value Based Remuneration	(58)	33
Relative Market Index Based Remuneration	164	20
Share-based retirement benefit	(20)	-
Total cash-settled share-based payment expense	**509**	**456**

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 (Current Cost of Supplies Earnings Before Interest, Taxes, Depreciation, and Amortization).
- 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.

Liabilities in respect of the Restricted Share Plan amounted to €826 thousand as at 31 December 2022 (31 December 2021: €403 thousand) 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:

	2022		2021	
	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	223,578	8.10	320,351	8.27
Granted during the period	-	-	13,749	7.91
Forfeited during the period	-	-	(19,736)	7.91
Exercised during the period	-	-	-	-
Expired during the period	(115,272)	7.24	(90,786)	8.42
Outstanding at the end of the period	**108,306**	**7.29**	**223,578**	**8.10**
Exercisable at the end of the period	108,306	7.29	115,272	8.27

Liabilities in respect of the share-based payment plans amounted to €98 thousand as at 31 December 2022 (31 December 2021: €156 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:

	2022	**2021**
Weighted average exercise price per share (€)	7.29	8.10
Weighted average share price at the date of exercise for share options exercised during the period (€)	n.a.	n.a.
Spot share price (€)	6.50	6.83
Expected volatility based on historical data (%)	36.13	34.97
Expected dividend yield (%)	10.86	4.36
Estimated maturity (years)	1.00	1.48
Risk free interest rate for HUF (%)	15.25	5.14

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).
- 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 €184 thousand as at 31 December 2022 (31 December 2021: €20 thousand) recorded in other non-current liabilities and other current liabilities.

Share based retirement benefit

The Company operates long-term benefit scheme that provide lump sum benefit to all employees at the time of their retirement. As part of the benefit program employees are entitled to the amount of 8 MOL shares after every year of services. Qualification of the scheme has been review in 2022 and as a result, it is presented according to IFRS 2 - Share-based payment standard; the benefit qualifies as a cash-settled share-based benefit, the amount of the liability has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data which are in line with those incorporated in the business plan of the Company. The applied MOL share price is €6.50 as of 31 December 2022.

Liabilities in respect of the share-based retirement benefit amounted to €1,253 thousand as at 31 December 2022, recorded in other non-current liabilities and other current liabilities (31 December 2021: €1,339 thousand recorded in provisions).

5 Other operating expenses

in € thousands	2022	2021
Provision for greenhouse gas emission, net (Note 25)	83,132	56,728
Maintenance expenses	79,981	65,335
Transportation and storage expenses	72,808	62,277
Commission fees paid	45,286	40,775
Costs of information technology services	19,160	18,151
Net loss from non-hedge commodity derivatives	10,597	12,481
Technology expert fees	10,288	10,040
Chemical analysis of products and raw materials	9,224	8,778
Fees for the use of the electricity system	7,445	13,048
Costs of cleaning machinery and equipment	7,150	4,176
Accounting, advisory and similar services fees	6,942	7,582
Environmental provision (Note 25)	6,382	7,297
Insurance premium	6,287	5,397
Cleaning costs and waste disposal	6,208	5,667
Taxes, duties and fees	5,592	5,576
Marketing costs	5,503	4,580
Fire protection expenses	5,413	4,535
Security expenses	4,244	4,517
Provision for doubtful receivables, write-off of receivables, net	1,609	-
Other	21,564	19,725
Total other operating expenses	**414,815**	**356,665**

The expenses for services provided by auditors were as follows:

in € thousands	2022	2021
Audit of the financial statements	98	113
Other assurance services	-	46
Total	**98**	**159**

6 Finance income and expenses

Accounting policies

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	2022	2021
		Restated
Foreign exchange gain on receivables and payables	41,289	17,497
Dividends	23,563	72,705
Foreign exchange gain on cash and cash equivalents	8,704	3,319
Interest income	4,438	673
Other	320	3
Total finance income	**78,314**	**94,197**
Foreign exchange loss on receivables and payables	(72,173)	(33,229)
Foreign exchange loss on cash and cash equivalents	(7,996)	(4,225)
Interest expense on leasing	(1,401)	(1,203)
Interest expense on borrowings	(965)	(810)
Net loss from currency derivatives	(591)	(669)
Net loss on sale of subsidiary	(67)	-
Interest expense on provisions (Note 25)	59	(1,150)
Other	(72)	(18)
Total finance expenses	**(83,206)**	**(41,304)**
Finance income/(expenses), net	**(4,892)**	**52,893**

7 Income taxes

Accounting policies

The income tax charge consists of current and deferred taxes.

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

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

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

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

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

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

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

Total applicable income taxes reported in these separate financial statements in 2022 and 2021 include the following components:

in € thousands	**2022**	**2021**
Current corporate income tax	108,228	50,232
Solidarity contribution (Note 1.6)	519,769	-
Deferred corporate income tax	(2,737)	(31)
Total income tax expense	**625,260**	**50,201**

In 2022, the applicable corporate income tax rate on the taxable income of the Company was 21% (2021: 21%).

The deferred tax balances as at 31 December 2022 and 2021 and movements in 2022 and 2021 were as follows:

in € thousands	**1 January 2022**	**Recognized in profit/ (loss)**	**Recognized in other comprehen-sive income**	**31 December 2022**
Property, plant and equipment and intangible assets	(87,796)	(3,306)	-	(91,102)
Right-of-use assets	(16,584)	890	-	(15,694)
Provisions	14,339	47	(220)	14,166
Lease liabilities	16,975	(827)	-	16,148
Tax losses carried forward	3,593	(1,796)	-	1,797
Trade payables	1,361	7,165	-	8,526
Other	4,896	564	-	5,460
Total	**(63,216)**	**2,737**	**(220)**	**(60,699)**

in € thousands	1 January 2021	Recognized in profit/ (loss)	Recognized in other comprehen-sive income	31 December 2021
Property, plant and equipment and intangible assets	(90,304)	2,508	-	(87,796)
Right-of-use assets	(14,261)	(2,323)	-	(16,584)
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
Trade payables	4,033	(2,672)	-	1,361
Other	3,646	1,250	-	4,896
Total	**(62,875)**	**31**	**(372)**	**(63,216)**

In 2022, the Company utilized the cumulative tax losses in the amount of €8,555 thousand (2021: €8,555 thousand).

The Company has recognized deferred tax assets in the amount of €1,797 thousand as at 31 December 2022 (31 December 2021: €3,593 thousand) to cumulative tax losses that is available to offset against future taxable profits. These tax losses can be utilized in 2023.

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

in € thousands	2022	2021
Profit/(loss) before tax	1,040,233	302,965
Tax at the applicable tax rate 21% (2021: 21%)	218,449	63,623
Net effect of solidarity contribution	410,617	-
Dividends received not taxable for tax purposes	(4,948)	(15,268)
Other income not taxable for tax purposes	(241)	(124)
Expenses not deductible for tax purposes	7,991	3,941
Decuction for research and development	(6,599)	(2,095)
Other	(9)	124
Total income tax expense	**625,260**	**50,201**
Effective tax rate (%)	**60.11**	**16.57**

Based on Slovak legislation solidarity contribution charge of €519,769 thousand is treated as income tax deductible expense, hence the impact on expense is lower by the applicable tax rate of 21%.

8 Intangible assets and property, plant and equipment

8.1 Intangible assets

Accounting policies

Intangible assets acquired separately are capitalized at cost. 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**	**Production licences**	**Software**	**Total**
Cost				
1 January 2021	-	36,199	68,920	105,119
Additions	27,053	-	6,024	33,077
Disposals *	(27,053)	-	(282)	(27,335)
Reclassification - assets held for sale (Note 22)	-	-	(163)	(163)
Transfers	-	-	214	214
31 December 2021	**-**	**36,199**	**74,713**	**110,912**
Additions	55,512	-	2,686	58,198
Disposals *	(55,512)	(5)	(8,209)	(63,726)
Reclassification - assets held for sale (Note 22)	-	-	6	6
Transfers	-	-	176	176
31 December 2022	**-**	**36,194**	**69,372**	**105,566**
Amortization and impairment				
1 January 2021	-	27,897	56,477	84,374
Amortization	-	543	2,662	3,205
Disposals	-	-	(209)	(209)
Reclassification - assets held for sale (Note 22)	-	-	(163)	(163)
31 December 2021	**-**	**28,440**	**58,767**	**87,207**
Amortization	-	544	2,642	3,186
Impairment	-	490	910	1,400
Disposals	-	(6)	(5,199)	(5,205)
Reclassification - assets held for sale (Note 22)	-	-	6	6
31 December 2022	**-**	**29,468**	**57,126**	**86,594**
Net book value				
31 December 2022	-	6,726	12,246	18,972
31 December 2021	-	7,759	15,946	23,705
1 January 2021	-	8,302	12,443	20,745

** Disposals include remitted emission rights.*

Software is being amortized evenly over its useful economic life (Note 8.4). The Company has no intangible assets with an indefinite useful life.

8.2 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.

in € thousands	**Land and buildings**	**Machinery and equipment**	**Other**	**Construction in progress**	**Total**
Cost					
1 January 2021	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 (Note 22)	(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**
Additions	7,343	8,021	6,752	131,712	153,828
Put to use	36,711	109,572	6,720	(153,003)	-
Disposals	(9,915)	(37,616)	(2,259)	(1,736)	(51,526)
Reclassification - assets held for sale (Note 22)	40	80	146	-	266
Transfers	-	-	-	(176)	(176)
31 December 2022	**1,483,845**	**2,348,140**	**178,914**	**105,588**	**4,116,487**
Depreciation and impairment					
1 January 2021	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 (Note 22)	(19,076)	(3,789)	(4,080)	-	(26,945)
31 December 2021	**741,982**	**1,749,637**	**111,357**	**4,687**	**2,607,663**
Depreciation	47,443	103,357	18,730	-	169,530
Impairment	-	-	-	10,089	10,089
Reversal of impairment	(69)	-	-	-	(69)
Disposals	(9,316)	(35,401)	(1,914)	(1,736)	(48,367)
Reclassification - assets held for sale (Note 22)	9	80	168	-	257
31 December 2022	**780,049**	**1,817,673**	**128,341**	**13,040**	**2,739,103**
Net book value					
31 December 2022	703,796	530,467	50,573	92,548	1,377,384
31 December 2021	707,684	518,446	56,198	124,104	1,406,432
1 January 2021	749,097	575,760	50,294	108,375	1,483,526

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 2022 and 2021, the Company did not capitalize borrowing costs for acquisition of property, plant and equipment as IAS 23 conditions for capitalization were not fulfilled. In 2022, the Company did not capitalize borrowing cost from general purpose borrowings (capitalization rate 2021: 0.37%).

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 €14,718 thousand (31 December 2021: €8,623 thousand) financed from the government grants (Note 26). 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 €6,791,579 thousand. The insurance covers all risks of direct material losses or damages, including machinery and equipment failure. In 2022, 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 €160 thousand (2021: €163 thousand).

8.3 Right-of-use 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.

Intangible assets and property, plant and equipment acquired on lease are presented in the table below. Categories 'Means of transport' and 'Other' contain right-of-use assets that are included in the category 'Other' in Note 8.2. above. Disposals relate to termination of lease contracts. Expenses for low-value leases and short-term leases are insignificant in both years.

in € thousands	Rights	Land and buildings	Means of transport	Other	Total
Cost					
1 January 2021	32	42,246	55,555	178	98,011
Additions	-	4,663	25,342	1	30,006
Disposals	-	(3,768)	(1,359)	-	(5,127)
31 December 2021	**32**	**43,141**	**79,538**	**179**	**122,890**
Additions	-	4,813	6,904	-	11,717
Disposals	-	(390)	(824)	-	(1,214)
31 December 2022	**32**	**47,564**	**85,618**	**179**	**133,393**
Amortization/Depreciation and impairment					
1 January 2021	1	5,205	24,888	6	30,100
Amortization/Depreciation	13	3,446	11,916	74	15,449
Disposals	-	(453)	(1,180)	-	(1,633)
31 December 2021	**14**	**8,198**	**35,624**	**80**	**43,916**
Amortization/Depreciation	13	3,125	12,321	74	15,533
Disposals	-	(325)	(468)	-	(793)
31 December 2022	**27**	**10,998**	**47,477**	**154**	**58,656**
Net book value					
31 December 2022	5	36,566	38,141	25	74,737
31 December 2021	18	34,943	43,914	99	78,974
1 January 2021	31	37,041	30,667	172	67,911

8.4 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 2022 and in following years:

in € thousands	2022	2023	2024	2025	2026	After 2026
Depreciation, depletion, amortization and impairment	632	1 103	(168)	(51)	(572)	(944)

8.5 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 of disposal 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 (CGU). 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.

The Company has recorded impairment of intangible assets and property, plant and equipment of €11,420 thousand in 2022 (2021: impairment €1,000 thousand) (Note 8.1 and 8.2).

The following assumptions were used for the impairment tests:

- Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- The recoverable amount of the asset (cash-generating unit) is the value in use.
- Discount rates: the recoverable amount calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by a market participant for an investment with similar risk, cash flow and timing profile. It is estimated from current market transactions for similar assets or from the 'weighted average cost of capital' (WACC) of a listed entity that has a single asset or portfolio of assets that are similar in terms of service potential and risks to the asset under review.
- In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.
- Downstream segment post-tax discount factors were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount factor used for the impairment tests in 2022 was 5.9%.
- The pre-tax discount rate used in 2022 was 8.7% (2021: 6.2%).
- Brent oil and NCG gas price assumptions applied in the value in use models in 2021: real flat 50 USD/barrel and real flat EUR 15 MWh on 2021 basis.
- Brent oil and TTF gas price assumptions applied in the value in use models in 2022: 80 USD/barrel nominal flat on short term and continuous decrease from 72 USD/barrel, compensated by the 2% yearly USD inflation assumption on the long term and 83 EUR/MWh nominal flat on the short term and steady decrease from 32 EUR/MWh, compensated by the 2% yearly EUR inflation assumption on the long term.

<u>Sensitivity of Downstream assets</u>

The Company performed a sensitivity analysis on the downstream production assets using the indicators for which the value in use is most sensitive: Brent oil price, gas price, CO_2 quota price and the discount factor. The sensitivity analysis had no effect on impairment recognition due to significant headroom when the value in use significantly exceeds carrying amount of downstream production assets. Potentially negative impacts disclosed in the sensitivity analysis below would not result in impairment on individual basis.

Change in the present value of the CGUs	*€ thousands*
Brent oil price sensitivity	
(10%) case	213,601
10% case	(213,601)
Natural gas price sensitivity	
(10%) case	260,201
10% case	(260,201)
CO_2 quota price sensitivity	
150 EUR/t case	(1,086,261)
Discount factor sensitivity	
(1%) point	709,233
1% point	(419,459)

9 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

Company name	**Country**	**Range of activity**	**Ownership 2022** %	**Ownership 2021** %	**Net book value 2022** *€ thousands*	**Net book value 2021** *€ thousands*
APOLLO Rafinéria, s.r.o.	Slovakia	Wholesale	100.00	100.00	7	7
DALBY a. s.	Slovakia	Operation of freight transshipment	100.00	100.00	10,532	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 Retail, s.r.o.	Slovakia	Retail	100.00	-	25,689	-
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	-	768
Total investments in subsidiaries					**81,480**	**56,527**

Equity and profit/loss of subsidiaries were as follows:

Company name	Equity 2022 *€ thousands*	Equity 2021 *€ thousands*	Profit/(loss) 2022 *€ thousands*	Profit/(loss) 2021 *€ thousands*
APOLLO Rafinéria, s.r.o.	-	-	-	-
DALBY a. s.	3,177	2,195	1,932	859
MOL GBS Slovakia, s. r. o.	298	506	267	252
MOL IT & Digital GBS Slovakia, s. r. o.	238	325	233	235
Slovnaft Mobility Services, s. r. o.	(232)	175	(407)	(256)
SLOVNAFT MONTÁŽE A OPRAVY a.s.	12,665	2,635	10,798	768
Slovnaft Polska S.A.	53,744	40,912	13,562	7,395
Slovnaft Retail, s.r.o.	3,011	-	265	-
SLOVNAFT TRANS a.s.	4,869	4,260	1,001	392
VÚRUP, a.s.	4,189	4,314	468	592
SWS spol. s r.o. *	-	254	93	(175)
Total	**81,959**	**55,576**	**28,212**	**10,062**

** The company's profit is reported for the period January - October 2022 due to the sale of the company on October 28, 2022.*

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 2021	57,684	(11,657)	46,027
Additions	10,500	-	10,500
31 December 2021	**68,184**	**(11,657)**	**56,527**
Additions	25,721	-	25,721
Disposals	(1,220)	452	(768)
31 December 2022	**92,685**	**(11,205)**	**81,480**

Additions

On May 2, 2022, the Company became a 100% owner of the company Normbenz Slovakia s.r.o. The company was subsequently renamed to Slovnaft Retail, s.r.o.

The Company perfomed assessment of impairment indicators for investments in subsidiaries and performed impairment test for Slovnaft Retail, s.r,o., which did not identify any impairment.

Disposals

On October 28, 2022, the Company sold a 100% stake in the company SWS spol. s r.o.

10 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.

Company name	Country	Range of activity	Ownership 2022 %	Ownership 2021 %	Net book value 2022 € thousands	Net book value 2021 € 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.

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 31 as transactions with MOL Group companies.

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

Development of the Company's interest in associated companies:

in € thousands	Acquisition cost	Impairment	Net book value
1 January 2021	71,428	-	71,428
31 December 2021	**71,428**	**-**	**71,428**
31 December 2022	**71,428**	**-**	**71,428**

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

2022 *in € thousands*	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	6,108	3,950	2,158	8,006	569
MOL,CZ Downstream Investment B.V.	154,975	154,957	19	-	38,485
MEROCO, a.s.	76,718	29,698	47,020	231,387	473
Total	**237,801**	**188,605**	**49,197**	**239,393**	**39,527**

2021 *in € thousands*	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
MEROCO, a.s.	98,006	38,135	59,871	196,912	20,709
Total	**258,390**	**196,999**	**61,391**	**201,784**	**65,985**

11 Financial assets measured at fair value through other comprehensive income

Company name	Country	Range of activity	Ownership 2022 %	Ownership 2021 %	Fair value 2022 € thousands	Fair value 2021 € thousands
Zväz pre skladovanie zásob, a.s.	Slovakia	Storage	10,00	10,00	2,334	2,334
Incheba, a.s.	Slovakia	Organizing of exhibitions	0.59	0.59	36	36
SKB, a.s. "v konkurze"	Slovakia	Financial services	6.85	6.85	-	-
Total					**2,370**	**2,370**

12 Other non-current financial assets

in € thousands	2022	2021
Long-term loans granted	750	550
Total other non-current financial assets	**750**	**550**

Long-term loans granted as at 31 December 2022 and 2021 consist of the following items:

			Weighted average interest rate (%)			
in € thousands	Currency	Maturity	2022	2021	2022	2021
Unsecured loan granted	EUR	2027	3.02	1.90	756	553
Total long-term loans granted					**756**	**553**
Current portion of long-term loans (Note 17)					(6)	(3)
Total long-term loans granted, net of current portion					**750**	**550**

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

in € thousands	2022	2021
Other non-current financial assets	750	550
Impairment of other non-current financial assets	-	-
Total other non-current financial assets	**750**	**550**

13 Other non-current assets

in € thousands	2022	2021
Advance payments for assets under construction	7,848	364
Prepaid expenses	715	938
Other	3	4
Total other non-current assets	**8,566**	**1,306**

14 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 weighted average method. The acquisition cost of own produced inventory consists of direct materials, direct wages and the appropriate portion of production overhead expenses. Unrealizable inventory is fully written off.

in € thousands	Cost 2022	Book value 2022	Cost 2021	Book value 2021
Raw materials	26,771	26,506	56,011	53,739
Purchased crude oil	82,852	82,852	68,977	68,977
Work in progress and semi-finished goods	113,034	113,034	127,235	127,235
Finished goods	122,801	121,486	137,071	137,071
Goods for resale	12,376	12,376	12,198	12,175
Total inventories	**357,834**	**356,254**	**401,492**	**399,197**

Movements in the provision for inventories were as follows:

in € thousands	2022	2021
At the beginning of the period	**2,295**	**1,549**
Additions	2,908	896
Reversal	(12)	(2)
Use	(3,611)	(148)
At the end of the period	**1,580**	**2,295**

15 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. An allowance 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.

in € thousands	2022	2021
Trade receivables	594,540	433,459
Impairment of doubtful trade receivables	(2,369)	(2,498)
Total trade receivables	**592,171**	**430,961**

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

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

in € thousands	2022	2021
At the beginning of the period	**2,498**	**2,685**
Additions	904	678
Reversal	(740)	(678)
Amounts written off	(339)	(183)
Currency differences	46	(4)
At the end of the period	**2,369**	**2,498**

The Company did not have any impairment booked to receivables to related parties as at 31 December 2022 and 2021, neither booked any impairment to receivables to related parties during 2022 and 2021.

16 Derivative financial instruments

Accounting policies

The Company uses derivative financial instruments to reduce risks associated with foreign currency fluctuations (forward currency contracts) and risks associated with commodity price fluctuations (commodity swaps). 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 in case of the currency derivatives, and as operating income or operating expense in case of the commodity derivatives.

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

in € thousands	**2022**	**2021**
Derivative financial assets not designated as hedging instruments		
Commodity swaps	19,975	30,043
Total derivatives not designated as hedging instruments	**19,975**	**30,043**
Total derivative financial assets	**19,975**	**30,043**
Derivative financial liabilities not designated as hedging instruments		
Commodity swaps	9,413	26,707
Total derivative not designated as hedging instruments	**9,413**	**26,707**
Total derivative financial liabilities	**9,413**	**26,707**

The commodity swap transactions were traded with related MOL Commodity Trading Kft. The transactions are secured by margining collateral based on ISDA contract (Notes 27).

17 Intercompany loans

in € thousands	**2022**	**2021**
Intercompany loans		
provided to MOL Group Finance Zrt.	135,799	-
provided to Slovnaft Retail, s.r.o.	1,500	-
provided to Slovnaft Mobility Services, s. r. o.- current portion of long-term loan (Note 12)	6	3
Total intercompany loans	**137,305**	**3**

The Company analyzed expected credit loss related to intercompany loans by considering available credit rating of the counterparties to which it is exposed and concluded that the expected credit loss is insignificant.

The Company has provided loans at rates comparable to those that prevail in arm's length transactions. The loans are unsecured. Intragroup financing terms is determined consistently based on internal and external comparable transactions using comparable uncontrolled price method.

18 Receivables from cash-pooling

Accounting policies

Receivables from cash-pooling are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. For the purposes of presentation in the statement of cash flows, the Company compares the net movement on cash-pooling balance on quarterly basis. In case the Company reports debit balance throughout the whole period, cash-pooling movements are reported in investing activity in the statement of cash flows. In case the Company reports credit balance throughout the whole period, cash-pooling movements are reported in financing activity in the statement of cash flows. In case the Company reports during a period both debit and credit balance, cash-pooling movements are presented on a gross basis based on actual movements in investing and financing activity.

in € thousands	**2022**	**2021**
Receivables from cash-pooling		
provided to MOL Group Finance Zrt.	1,074,026	184,443
Total receivables from cash-pooling	**1,074,026**	**184,443**

The Company analyzed expected credit loss related to cash-pooling balances by considering available credit rating of the counterparties to which it is exposed and concluded that the expected credit loss is insignificant.

The interest rate related to receivables from cash-pooling was determined at rates comparable to those that prevail in arm's length transactions and these receivables are unsecured. Intragroup financing terms is determined consistently based on internal and external comparable transactions using comparable uncontrolled price method.

19 Other current financial assets

in € thousands	**2022**	**2021**
Receivables from dividends	2,250	825
Receivables from matured unsettled derivative transactions	1,801	-
Financial collaterals granted	814	303
Other	71	72
Total other current financial assets	**4,936**	**1,200**

20 Other current assets

in € thousands	**2022**	**2021**
Inventories provided as collateral (see Note 27 for collateral related regarding commodity transactions)	43 496	-
Advances	8,819	2,906
Receivables from excise taxes	7,391	7,252
Receivables from VAT, duties and other taxes	2,717	54,702
Prepaid expenses	520	953
Other	807	648
Total other current assets	**63,750**	**66,461**

21 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include cash on hand, cash at banks, 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.

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.

2022

in € thousands	**EUR**	**PLN**	**USD**	**CZK**	**Total**
Cash at bank	26,599	-	632	10,310	37,541
Short-term bank deposits	-	9,918	-	-	9,918
Cash on hand	13,507	-	-	-	13,507
Total cash and cash equivalents	**40,106**	**9,918**	**632**	**10,310**	**60,966**

2021

in € thousands	**EUR**	**PLN**	**USD**	**CZK**	**Total**
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**

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

in € thousands	**2022**	**2021**	**2020**
Cash at bank	37,541	23,618	13,746
Short-term bank deposits	9,918	8,200	4,332
Cash on hand	13,507	8,913	8,160
Overdrafts	-	-	(2,268)
Total cash and cash equivalents	**60,966**	**40,731**	**23,970**

The potential impairment of cash and cash equivalents was considered insignificant in the reported periods.

22 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 2022, assets held for sale contains property, plant and equipment of the service stations at carrying amount of €19,371 thousand (31 December 2021: €19,380 thousand).

The expected sale of the assets reported as held for sale as at 31 December 2021 was shifted to 2023 due to regulatory approval process of antimonopoly authorities. The sales transactions started to be realized after the balance sheet date during 2023.

23 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.

23.1 Share capital

The Company's authorized share capital is 20,625,229 ordinary shares (31 December 2021: 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:

	2022 *€ thousands*	**2022** *%*	**2021** *€ thousands*	**2021** *%*
MOL Nyrt.	684,758	100.0	684,758	100.0
Total	**684,758**	**100.0**	**684,758**	**100.0**

23.2 Other funds

in € thousands	**2022**	**2021**
Legal reserve fund	136,952	136,952
Other capital funds	165,602	165,602
Other funds	49	49
Total other funds	**302,603**	**302,603**

Legal reserve fund

The legal reserve fund of €136,952 thousand (31 December 2021: €136,952 thousand) has been set up in accordance with the Slovak legislation to cover potential future losses. The legal reserve fund is not distributable.

Other capital funds

The other capital funds of €165,602 thousand (31 December 2021: €165,602 thousand) are not distributable,

23.3 Retained earnings

in € thousands	2022	2021
Retained earnings of previous years	433,551	329,960
Profit for the period	414,973	252,764
Total retained earnings	**848,524**	**582,724**

Distributable reserves

Reserves available for distribution to the shareholders as at 31 December 2022 were €433,551 thousand (31 December 2021: €329,960 thousand).

Distribution of profit from the previous accounting period

The profit of the previous accounting period in the amount of €252,764 thousand was transferred to retained earnings.

Dividends

The dividends approved by the shareholders at the Annual General Meeting on 20 May 2022 were €150,000 thousand, equivalent to €7.2726 per share. Dividends were paid out from retained earnings.

23.4 Other components of equity

in € thousands	2022	2021
Fair valuation reserve related to financial assets measured at fair value through other comprehensive income	2,330	2,330
Other components of equity	**2,330**	**2,330**

The reported values for fair valuation reserve relate to investment in Zväz pre skladovanie zásob, a.s.

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

in € thousands	2022	2021
At the beginning of the period	-	-
Actuarial gains/(losses) on defined benefit pension plans	1,047	1,773
Income tax related to actuarial gains/(losses) on defined benefit pension plans	(220)	(372)
Reclassification of actuarial gains/(losses) on defined benefit pension plans to retained earnings	(827)	(1,401)
At the end of the period	-	-

24 Borrowings

Accounting policies

All loans and borrowings except leases 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.

For accounting policies for leases see Note 8.3

24.1 Lease liabilities

in € thousands	Currency	2022	2021
Lease liabilities	EUR	76,895	80,834
Total lease liabilities		**76,895**	**80,834**
Current portion of lease liabilities		(14,762)	(14,556)
Total lease liabilities, net of current portion		**62,133**	**66,278**

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

in € thousands	Minimum lease payments 2022	Present value of minimum lease payments 2022	Minimum lease payments 2021	Present value of minimum lease payments 2021
Up to 1 year	15,310	14,762	14,819	14,556
From 1 to 5 years	40,529	36,334	42,003	38,438
Over 5 years	30,489	25,799	31,814	27,840
Total minimum lease payments	**86,328**	**76,895**	**88,636**	**80,834**
Less amounts of financial charges	(9,433)	-	(7,802)	-
Present value of minimum lease payments	**76,895**	**76,895**	**80,834**	**80,834**

24.2 Bank loans

in € thousands	Currency	2022	2021
Short-term unsecured bank revolving loans	EUR	135,743	-
Total bank loans		**135,743**	-

24.3 Reconciliation of liabilities arising from financing activities

in € thousands	Lease liabilities	Short-term bank loans	Currency derivatives	Dividends
1 January 2022	80,834	-	-	1,337
Cash flows				
Changes in cash flows *	(15,077)	135,000	(591)	(150,002)
Non-cash changes				
Lease additions	11,717	-	-	-
Lease termination	(579)	-	-	-
Net (gain)/loss from currency derivatives	-	-	591	-
Dividends approved	-	-	-	150,000
Other changes **	-	743	-	-
31 December 2022	**76,895**	**135,743**	**-**	**1,335**

in € thousands	Lease liabilities	Short-term bank loans	Currency derivatives	Dividends
1 January 2021	68,969	215,304	-	1,547
Cash flows				
Changes in cash flows *	(14,634)	(213,000)	(669)	(70,210)
Changes in cash and cash equivalents (Note 21)	-	(2,268)	-	-
Non-cash changes				
Lease additions	30,006	-	-	-
Lease termination	(3,507)	-	-	-
Net (gain)/loss from currency derivatives	-	-	669	-
Dividends approved	-	-	-	70,000
Other changes **	-	(36)	-	-
31 December 2021	**80,834**	**-**	**-**	**1,337**

** 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.*

25 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 employee 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% (2021: 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.

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.

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 employee benefits

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 CO_2 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.

in € thousands	**Environ-mental**	**Retirement benefits**	**Jubilee benefits**	**Greenhouse gas emissions**	**Total**
1 January 2021	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 6)	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**
Provision made during the period and revision of previous estimates	6,382	(473)	289	83,132	89,330
Unwinding of the discount (Note 6)	25	(69)	(15)	-	(59)
Provision used during the period	(4,195)	(702)	(324)	(55,465)	(60,686)
Other movements	-	(1,339)	-	-	(1,339)
31 December 2022	**53,105**	**10,613**	**2,545**	**83,345**	**149,608**
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
Current portion at 31 December 2022	4,599	207	372	83,345	88,523
Non-current portion at 31 December 2022	48,506	10,406	2,173	-	61,085

Environmental provision

As at 31 December 2022 the Company operated 272 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 €894 thousand as at 31 December 2022 (31 December 2021: €785 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 2023 - 2034.

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 2022 the present value of liability related to the provision amounted to €52,211 thousand (31 December 2021: €50,108 thousand). The utilization of this provision is expected during the years 2023 - 2034.

The closing amount of the environmental provisions as at 31 December 2022 is €53,105 thousand (31 December 2021: €50,893 thousand).

Company prepared a sensitivity analysis on the cash flow period applied on environmental provision. The analysis examined the impact of a +/- five-year change in the cash flow forecast period on the environmental provision compared to the year-end liability recognised. During the assessment the same discount rates were applied.

The results of the analysis are as follows:

- prolongation of the cash flow period by 5 years – increase of the provision by €23,336 thousand (41%),

- reduction of the cash flow period by 5 years – decrease of the provision by €23,336 thousand (41%).

Provision for retirement and jubilee benefits

As at 31 December 2022 the Company has recognized a provision for retirement benefits of €10,613 thousand (31 December 2021: €13,196 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.

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 2022 represented €2,545 thousand (31 December 2021: €2,595 thousand).

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

	Retirement benefits		Jubilee benefits	
in € thousands	**2022**	**2021**	**2022**	**2021**
At the beginning of the period	**13,196**	**14,969**	**2,595**	**2,531**
Past service cost	-	-	-	-
Current service cost	574	711	134	131
Unwinding of the discount	(69)	144	(15)	24
Provision used during the period	(702)	(855)	(324)	(282)
Actuarial (gains) and losses	(1,047)	(1,773)	155	191
Other movements	(1,339)	-	-	-
At the end of the period	**10,613**	**13,196**	**2,545**	**2,595**

The other movements contain reclassification in long-term employee benefits between provision and other current and non-current liabilities (Note 4).

Actuarial (gains) and losses for the year 2022 and 2021 comprised of the following items:

	Retirement benefits		Jubilee benefits	
in € thousands	**2022**	**2021**	**2022**	**2021**
Actuarial (gains) and losses arising from changes in demographic assumptions	743	(3,834)	104	(822)
Actuarial (gains) and losses arising from changes in financial assumptions	(3,332)	84	(379)	16
Actuarial (gains) and losses arising from experience adjustments	1,542	1,977	430	997
Total actuarial (gains) and losses	**(1,047)**	**(1,773)**	**155**	**191**

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:

in € thousands	**2022**	**2021**
Past service cost	-	-
Current service cost	708	842
Actuarial (gains) and losses	155	191
Net benefit expense (Note 4)	**863**	**1,033**

The principal actuarial assumptions used were as follows:

	2022	**2021**
Discount rate (% p.a.)	2.49	0.86
Future salary increases (%)	3.00 - 5.00	3.00
Mortality index (male)	0.05 - 2.37	0.05 - 2.37
Mortality index (female)	0.03 - 0.99	0.03 - 0.99

Provisions for greenhouse gas emissions

Based on the Slovak National Allocation Plan the Company obtained quotas for greenhouse gas emission for 2022 in the amount of 1,271,509 tons of CO_2 (2021: 1,221,957 tons of CO_2). The actual volume of emissions released for 2022 was 2,274,662 tons of CO_2 (2021: 2,243,561 tons of CO_2). In the financial statements as for the year ended 31 December 2022 the Company created the provision in the amount of €83,345 thousand (31 December 2021: €55,678 thousand).

26 Other non-current liabilities

in € thousands	**2022**	**2021**
Government grants (Note 8.2)	14,718	8,623
Deferred compensation for property, plant and equipment	2,942	3,531
Other	2,417	819
Total other non-current liabilities	**20,077**	**12,973**

Deferred compensation for property, plant and equipment represent the compensation received from supplier of equipment for late delivery. The received compensation is released on a straight-line basis to other operating income along the useful life of the related equipment.

27 Other current financial liabilities

in € thousands	2022	2021
Other liabilities to parent company	104,194	-
Collateral received regarding commodity transactions	64,132	-
Collateral received regarding derivative transactions (margin deposits)	13,625	2,400
Cash collateral received	1,462	1,135
Liabilities to shareholders (dividends)	1,335	1,337
Liabilities from matured unsettled derivative transactions	-	1,570
Other	1,805	1,139
Total other current financial liabilities	**186,553**	**7,581**

Other liabilities to parent company of €104,194 thousand represent one-off settlement of trade payables by parent company on behalf of the Company at the year end. The liabilities were repaid at the beginning of January, 2023.

Collateral received regarding commodity transactions of €64,132 thousand comprises of collateral related to lending of inventory.

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

in € thousands	2022	2021
At the beginning of the period	**179**	**57**
Legal creation through expenses	1,032	639
Use	(920)	(517)
At the end of the period	**291**	**179**

28 Other current liabilities

in € thousands	2022	2021
Taxes, contributions payable, penalties	70,387	58,486
Amounts due to employees	11,901	18,830
Advances from customers	7,752	7,435
Deferred income	5,546	590
Public health and social insurance	3,491	3,196
Other	5,195	5,774
Total other current liabilities	**104,272**	**94,311**

29 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, derivatives 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. 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.

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.

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.

29.1 Reconciliation of financial instruments

Book value of financial instruments:

in € thousands	**Notes**	**2022**	**2021**
Other non-current financial assets	12	750	550
Trade receivables	15	592,171	430,961
Intercompany loans	17	137,305	3
Receivables from cash-pooling	18	1,074,026	184,443
Other current financial assets	19	4,936	1,200
Cash and cash equivalents	21	60,966	40,731
Financial assets measured at amortized cost		**1,870,154**	**657,888**
Financial assets measured at fair value through other comprehensive income - equity instruments (Level 3)	11	2,370	2,370
Financial assets measured at fair value through profit or loss - derivatives (Level 2)	16	19,975	30,043
Financial assets measured at fair value		**22,345**	**32,413**
Total financial assets		**1,892,499**	**690,301**

in € thousands	**Notes**	**2022**	**2021**
Trade payables		585,336	582,989
Other current financial liabilities	27	186,553	7,581
Bank loans	24.2	135,743	-
Financial liabilities measured at amortized cost		**907,632**	**590,570**
Lease liabilities	24.1	76,895	80,834
Financial liabilities measured per IFRS 16		**76,895**	**80,834**
Financial assets measured at fair value through profit or loss – derivatives (Level 2)	16	9,413	26,707
Financial liabilities measured at fair value		**9,413**	**26,707**
Total financial liabilities		**993,940**	**698,111**

Fair value of financial instruments measured at fair value

Derivative financial instruments were measured at fair value using inputs from level 2 of fair value hierarchy. The fair value of derivative financial instruments was determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs required to fair value derivative financial instruments (which included quoted market prices or dealer quotes for similar instruments) were observable as they are publicly available information on official valuation service providers, therefore they are included in level 2. In reported periods, there were no transfers between levels of fair value hierarchy.

Fair value of financial assets measured at fair value through other comprehensive income was determined using inputs from level 3 of fair value hierarchy. There are no valuation inputs that would individually or in combination significantly impact the fair value and the fair value of these financial assets is not significant.

Fair value of financial instruments not measured at fair value

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. Categorization of financial instruments not measured at fair value to Level categories is as follows: Level 1: Cash and cash equivalents; Level 2: Trade receivables, Intercompany loans, Trade payables, Receivables from cash-pooling, Other current financial assets, Other current financial liabilities; Level 3: Bank loans.

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

2022 *in € thousands*	**Net gains/ (losses)**	**Interest income/ (expense)**	**(Loss)/ reversal of loss from impairment**	**Net fee income/ (expense)**
Financial assets measured at amortized cost	(2,228)	4,438	(164)	(74)
Financial assets measured at fair value through other comprehensive income	-	230	-	-
Financial assets/liabilities measured at fair value through profit or loss	(11,188)	-	-	-
Financial liabilities measured at amortized cost	(29,041)	(965)	-	(4,057)
Financial liabilities measured per IFRS 16	1	(1,401)	-	-
Total	**(42,456)**	**2,302**	**(164)**	**(4,131)**

2021 *in € thousands*	**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	(13,150)	-	-	-
Financial liabilities measured at amortized cost	(22,682)	(810)	-	(2,745)
Financial liabilities measured per IFRS 16	-	(1.203)	-	-
Total	**(29,647)**	**(450)**	-	**(2,802)**

29.2 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 CO_2 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 external 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 2022 the Company recorded the financial assets that would otherwise be past due or impaired whose terms have been renegotiated in amount of €79 thousand (31 December 2021: €97 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 €137,921 thousand as at 31 December 2022 (31 December 2021: €142,770 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 €538 thousand in 2022 (2021: €795 thousand).

The Company do not recognize any allowance for doubtful receivables from related parties as expected credit loss is considered as insignificant. The Company has analyzed that the carrying amount of intercompany receivables that are past due is not significant, it has analyzed that historically there were no defaulted receivables and it has considered forward-looking information.

Analysis of trade receivables from third parties:

2022 *in € thousands*	**Nominal value**	**Allowance**	**Net book value**
Not past due	241,400	54	241,346
Past due			
Up to 30 days	10,905	3	10,902
From 31 to 90 days	4,699	-	4,699
From 91 to 180 days	1,175	-	1,175
From 181 to 360 days	687	313	374
Over 361 days	2,128	1,999	129
Total trade receivables	**260,994**	**2,369**	**258,625**

2021 *in € thousands*	**Nominal value**	**Allowance**	**Net book value**
Not past due	218,665	109	218,556
Past due			
Up to 30 days	12,478	7	12,471
From 31 to 90 days	183	-	183
From 91 to 180 days	306	-	306
From 181 to 360 days	330	182	148
Over 361 days	3,765	2,200	1,565
Total trade receivables	**235,727**	**2,498**	**233,229**

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 2022 and 2021 were as follows:

2022 *in € thousands*	**Total credit facilities**	**Drawn loans**	**Undrawn commited credit facilities**	**Undrawn uncommited credit facilities**
Short-term credit facilities	202,800	(135,000)	-	67,800
Total short-term credit facilities	**202,800**	**(135,000)**	**-**	**67,800**

2021 *in € thousands*	**Total credit facilities**	**Drawn loans**	**Undrawn commited credit facilities**	**Undrawn uncommited credit facilities**
Short-term credit facilities	256,300	-	70,000	186,300
Total short-term credit facilities	**256,300**	**-**	**70,000**	**186,300**

Analysis of liquidity risk:

2022 *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 per IFRS 16**	**Financial liabilities measured at fair value through profit or loss**
On demand	91,926	-	52,885	-	-
Up to 1 month	332,357	1,804	294,279	3,236	2,574
From 1 to 3 months	1,440,634	3,562	462,852	658	1,454
From 3 to 12 months	2,237	14,609	95,862	10,868	5,385
From 1 to 5 years	750	-	-	36,334	-
Over 5 years	-	-	-	25,799	-
Without maturity	2,250	-	1,754	-	-
Total	**1,870,154**	**19,975**	**907,632**	**76,895**	**9,413**

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 per IFRS 16**	**Financial liabilities measured at fair value through profit or loss**
On demand	48,930	-	6,848	-	-
Up to 1 month	288,034	3,489	305,616	3,120	2,147
From 1 to 3 months	319,340	4,038	275,863	706	1,557
From 3 to 12 months	897	22,516	929	10,730	23,003
From 1 to 5 years	687	-	-	38,438	-
Over 5 years	-	-	-	27,840	-
Without maturity	-	-	1,314	-	-
Total	**657,888**	**30,043**	**590,570**	**80,834**	**26,707**

Financial assets measured at fair value through other comprehensive income as at 31 December 2022 and 2021 represent capital instruments, which do not have determined maturity.

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

2022 *in € thousands*	**Financial liabilities measured per IFRS 16**	**Trade payables and other current financial liabilities**	**Short-term debt**	**Financial liabilities measured at fair value through profit or loss**	**Total**
On demand	-	52,885	-	-	52,885
Up to 1 month	3,273	294,279	-	2,574	300,126
From 1 to 3 months	841	327,109	136,223	1,454	465,627
From 3 to 12 months	11,196	95,862	-	5,385	112,443
From 1 to 5 years	40,529	-	-	-	40,529
Over 5 years	30,489	-	-	-	30,489
Without maturity	-	1,754	-	-	1,754
Total	**86,328**	**771,889**	**136,223**	**9,413**	**1,003,853**

2021 *in € thousands*	**Financial liabilities measured per IFRS 16**	**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**

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:

	2022		**2021**	
in € thousands	**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	4	0.25	1
EURIBOR 1M (EUR)	(0.25)	(4)	(0.25)	(1)
EURIBOR 3M (EUR)	0.25	662	0.25	114
EURIBOR 3M (EUR)	(0.25)	(662)	(0.25)	(114)
EURIBOR 6M (EUR)	0.25	(1)	-	-
EURIBOR 6M (EUR)	(0.25)	1	-	-

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 is exposed to currency risk on purchase side in USD. The risk is mitigated by currency derivatives.

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:

	2022		2021	
in € thousands	**Increase/ (decrease) of exchange rate** *(%)*	**Impact on profit before taxes**	**Increase/ (decrease) of exchange rate** *(%)*	**Impact on profit before taxes**
USD	4.9	(3,321)	5.6	(18,243)
USD	(4.5)	3,024	(5.0)	16,407
HUF	5.3	(28)	5.7	(48)
HUF	(4.8)	25	(5.1)	43
CZK	4.3	1,067	4.2	2,798
CZK	(4.0)	(982)	(3.9)	(2,581)
PLN	4.5	1,409	4.5	1,556
PLN	(4.1)	(1,293)	(4.2)	(1,426)

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.

Sensitivity analysis of commodity risk:

in € thousands	**2022**	**2021**
Brent crude oil price		
+ 10 USD/bbl change	(5,478)	(4,540)
- 10 USD/bbl change	5,478	4,540
Natural gas price		
+ 15 EUR/MWh change	(43,186)	(49,927)
- 15 EUR/MWh change	43,186	49,927
Refinery margin		
+ 1 USD/bbl change	40,375	36,539
- 1 USD/bbl change	(40,375)	(36,539)
Integrated petrochemical margin		
+ 100 EUR/t change	41,397	44,907
- 100 EUR/t change	(41,397)	(44,907)

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

29.3 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	**2022**	**2021**
Lease liabilities	76,895	80,834
Bank loans	135,743	-
Less: cash and cash equivalents	(60,966)	(40,731)
Net debt	**151,672**	**40,103**
Equity	1,959,334	1,693,534
Capital and net debt	**2,111,006**	**1,733,637**
Gearing ratio (%)	**7.18**	**2.31**

30 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 2022 is €1,780 thousand (31 December 2021: €1,780 thousand).

The guarantees granted are as follows:

		2022	
Debtor	**Purpose**	**Valid until**	**Guarantee** *€ thousands*
SWS spol. s r.o.	customs guarantee	indefinite period	1,650
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	December 2023	130

		2021	
Debtor	**Purpose**	**Valid until**	**Guarantee** *€ thousands*
SWS spol. s r.o.	customs guarantee	indefinite period	1,650
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 2022 is €60,718 thousand (31 December 2021: €67,409 thousand) and relates to obligations to purchase property, plant and equipment in the amount of €59,763 thousand (31 December 2021: €65,083 thousand) and intangible assets in the amount of €955 thousand (31 December 2021: €2,326 thousand).

Other inspections

The Company is subject to various inspections performed by the state authorities. Although the Company cannot exclude that any of these proceedings discovers irregularities in its activities based on which the Company could be penalized, the management cannot determine any amount for which a provision should be recognized because of such proceedings. Due to that reason, there was no provision booked for that purpose as at 31 December 2022.

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

€53,105 thousand for the estimated cost as at 31 December 2022 (31 December 2021: €50,893 thousand) for probable and quantifiable costs of rectifying past environmental damage (Note 25). 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.

31 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.

The transactions with related parties:

in € thousands	**2022**	**2021**
Sales - products, goods and materials		
Parent company	665,387	227,691
Subsidiaries	363,763	276,359
Entities under control of the parent company	1,500,961	1,136,627
Associated companies	4,984	2,584
Other related parties	14,339	98
Sales - services and other operating revenues		
Parent company	11,191	6,385
Subsidiaries	5,352	4,476
Entities under control of the parent company	7,112	6,224
Associated companies	77	77
Other related parties	4	4
Interest revenue		
Subsidiaries	46	11
Entities under control of the parent company	4,027	627
Associated companies	-	23
Other finance revenues		
Subsidiaries	6	-
Dividends received		
Subsidiaries	3,497	19,353
Entities under control of the parent company	230	890
Associated companies	19,836	52,462

in € thousands	**2022**	**2021**
Purchases - raw materials, goods and energy		
Parent company	348,642	207,030
Subsidiaries	596	180
Entities under control of the parent company	249,134	233,834
Associated companies	75,080	77,018
Other related parties	16	-
Purchases - services and other operating expenses		
Parent company	10,758	9,550
Subsidiaries	128,941	105,212
Entities under control of the parent company	13,641	15,767
Associated companies	20	15
Other related parties	53	64
Purchases - property, plant and equipment		
Parent company	223	102
Subsidiaries	54,244	19,226
Entities under control of the parent company	12,194	14,487
Purchases - intangible assets		
Parent company	1,643	3,474
Subsidiaries	145	160
Entities under control of the parent company	54,259	23,997
Interest expense		
Subsidiaries	1	-
Entities under control of the parent company	264	310
Associated companies	136	158
Other finance costs		
Entities under control of the parent company	14	-

in € thousands	**2022**	**2021**
The transactions presented on net basis in the statement of comprehensive income:		
Rotation of state reserves		
Entities under control of the parent company	1,473	-
Agentúra pre núdzové zásoby ropy a ropných výrobkov	31,109	29,851
Fees for maintenance of the emergency stocks		
Agentúra pre núdzové zásoby ropy a ropných výrobkov	61,755	53,053

in € thousands	**2022**	**2021**
Receivables		
Parent company	176,540	40,020
Subsidiaries	54,566	26,343
Entities under control of the parent company	124,050	161,160
Associated companies	822	1,237
Other related parties	2,142	11
Loans granted		
Subsidiaries (Note 12 and 17)	2,256	553
Entities under control of the parent company (Note 17 and 18)	1,209,825	184,443
Payables		
Parent company	254,629	52,120
Subsidiaries	49,497	27,761
Entities under control of the parent company	46,353	69,670
Associated companies	342	5,369
Agentúra pre núdzové zásoby ropy a ropných výrobkov	5,023	4,257
Other related parties	12	9
Lease liabilities		
Subsidiaries	50	-
Associated companies	2,694	3,205
Entities under control of the parent company	1,271	494

Statutory boards of the Company

According to an extract from the Commercial Register of District Court in Bratislava I as at 31 December 2022 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 Péter Labancz Krisztián Pulay
The Supervisory Board:	Zoltán Áldott, Chairman of the Board Ákos Székely Vladimír Kestler Slavomír Hatina Jana Matúšková Peter Baxa

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

The members of the Board of Directors do not receive any remuneration for their membership in the board. The total remuneration of members of the Supervisory Board amounted to €207 thousand in 2022 (2021: €174 thousand).

Key management compensation

in € thousands	**2022**	**2021**
Salaries	874	803
Legal and voluntary retirement contributions	79	80
Public health insurance	103	80
Other social insurance	52	73
Other personnel expenses	124	120
Provision for retirement and jubilee benefits	7	(148)
Expenses of share-based payments	181	195
Total	**1,420**	**1,203**

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

	2022		**2021**	
	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	116,717	8.10	172,720	8.30
Granted during the period	-	-	20,000	7.91
Forfeited during the period	-	-	(16,803)	7.91
Exercised during the period	-	-	-	-
Expired during the period	(62,160)	7.24	(59,200)	8.42
Outstanding at the end of the period	**54,557**	**7.29**	**116,717**	**8.10**
Exercisable at the end of the period	54,557	7.29	62,160	8.27

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 2022 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.

32 Events after the reporting period

EU sanctions against Russia

In June 2022, the Council of the European Union adopted a sixth package of sanctions that, among others, prohibits the purchase, import or transfer of seaborne crude oil and certain petroleum products from Russia to the EU. The restrictions apply from 5 December 2022 for crude oil and from 5 February 2023 for other refined petroleum products.

A temporary exception is applied for imports of crude oil by pipeline into those EU member states that, due to their geographic situation, suffer from a specific dependence on Russian supplies and have no viable alternative options.

During the preparation of the financial statements the Company has taken into account all EU sanctions against Russia. Please refer to Note 1.6 for further information.

Solidarity contribution charge rate for year 2023

In 2023, Slovak Republic has enacted 70% solidarity contribution charge rate for the year 2023 for refinery activities, following principles stated in related EU Directive.