COMPANY WITH FOREIGN INVESTMENTS

AMIC UKRAINE

SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

Together with Independent Auditor's Report

Contents:

www.bdo.ua

Tel.: +38 044 393 26 87
Fax: +38 044 393 26 91
e-mail: bdo@bdo.kiev.ua

Tel.: +38 056 370 30 43
Fax: +38 056 370 30 45
e-mail: dnipro@bdo.com.ua

BDO LLC

201-203, Kharkivske Road, 10th floor
Kyiv
Ukraine, 02121

4, Andriya Fabra Str.
Dnipro
Ukraine, 49000

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company with Foreign Investments AMIC UKRAINE

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of the Company with Foreign Investments AMIC UKRAINE (code EDRPOU 30603572, address: 68, Verhniy Val, Kyiv, 04071; further – the Company), which comprise:

- The Separate Statement of Financial Position as at December 31, 2020;
- The Separate Statement of Comprehensive Income for 2020;
- The Separate Statement of Cash Flows for 2020;
- The Separate Statement of Changes in Equity for 2020;
- Note to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and financial performance and cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 No. 996-XIV in respect of the financial reporting preparation.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements applied in Ukraine to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty as to the going concern

We also draw attention to Note 3 to the separate financial statements, where the fact is disclosed that as at December 31, 2020, the Company has a negative value of equity in the amount of UAH 7 245 802 thousand (as at December 31, 2019: UAH 5 631 418 thousand, as at December 31, 2018: UAH 9 796 398 thousand), and its current liabilities exceed its current assets by UAH UAH 884 257 thousand (as at December 31, 2019: UAH 340 696 thousand, as at December 31, 2018: UAH 4 942 025 thousand). The Company received a net profit of UAH 1 631 198 thousand for the year ended December 31, 2020 (net profit for the year ended December 31, 2019 amounted to UAH 3 245 435 thousand). The positive cash flow from operating activities in 2020 amounted to UAH 279 494 thousand (the positive cash flow from operating activities in 2019 amounted to UAH 351 378 thousand). These circumstances, together with the other issues referred to in Note 3, indicate that there is a significant uncertainty that may cast doubt on the Company's ability to operate as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Description of audit procedures
1 Measurement of PPE impairment	
As at December 31, 2020, the total book value of the Company's PPE amounted to UAH 1 602 223 thousand, which represents 59% of the Company's total assets. Management measured the value in use and external impairment of non-current assets by cash generating units. As a result of the testing performed by management, no impairment was identified. The amount of the expected recoveries was either above or in line with their carrying value amounts, and there were no reasons to accrue or reverse previously accrued impairment losses. We paid particular attention to measuring the impairment of property, plant and equipment because the measurement process is complex, involves significant management judgment, and is based on assumptions that are affected by projected future market and economic conditions that are inherently uncertain. The impairment test is sensitive to reasonably possible changes in assumptions. The most significant judgments relate to the discount rate applied next to the assumptions on which the related projected cash flows are based, the growth rate, and the underlying planning periods. Reference to accompanying Notes 5, 8 of the financial statements.	We obtained and analyzed the financial models used by Management to measure the impairment of property, plant and equipment. We engaged our experts in valuation to form our opinion on the assumptions and methodology used in performing the impairment test. Our audit procedures for management's measurement of impairment of property, plant and equipment included the following: ▪ verification of the methodology used by the Company's management in performing the impairment test; ▪ random testing of the key assumptions used in the financial models and their consistency with the approved financial plan, external available and reliable information and our industry-specific expertise; ▪ reviewing the accuracy and appropriateness of inputs provided by Management in the financial models for assessing the impairment of property, plant and equipment; ▪ obtaining written letters from Management about the impairment tests of property, plant and equipment. Based on the results of the above procedures, we believe that the key assumptions used by Management are appropriate for the preparation of the financial statements purposes.

Other information

Management of the Company is responsible for the other information prepared as at and for the year ended December 31, 2020.

Other information consists of the Management Report for 2020, prepared in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 № 996-XIV as amended and supplemented.

Our opinion on the Company's separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the separate financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

The Company plans to prepare and make public the Management Report for 2020 after the date this Independent Auditor's Report is made public. After receiving and familiarizing with the Management Report, if we come to the conclusion that there is a significant misstatement, we will report this issue further to those charged with governance.

Responsibility of management and those charged with governance for the separate financial statements

Management of the Company is responsible for the preparation and fair presentation of these separate financial statements in accordance with IFRS and the requirements of the Law of Ukraine "On accounting and reporting in Ukraine" dated 16.07.1999 No. 996-XIV in respect of financial statements preparation, and for such internal control as Management determines is necessary to enable the preparation of the 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 assumptions as a basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements 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 skepticism 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 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 those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on the requirements of other laws and regulations

This information is provided in compliance with the requirements of part 4, Article 14 of the Law of Ukraine "On Audit of Financial Reporting and Audit Activity" dated 21 December 2017, No. 2258-VIII on the provision of additional information based on the results of statutory audit of a public interest entity:

1. BDO LLC was appointed to perform this statutory audit assignment by the Decision of the Company's owner dated 17 September 2020. The Report on the Audit of Separate Financial Statements section of this Independent Auditor's Report discloses information about the scope of the audit and the inherent limitations.
2. Total duration of the audit assignment in respect of the separate financial statements by BDO LLC, taking into account the prolongation of authorities that took place, and the repeated appointments, is 5 (five) years. For BDO LLC, this assignment is also the third year of the Company separate financial statements' statutory audit after the Company was recognized as a public interest entity in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16 July 1999 No. 996-XIV.
3. In Key Audit Mattes section of this report, we disclosed matters that were of greatest importance during the audit of the current period's separate financial statements and which, according to our professional judgment, should be focused towards. These matters were considered in the context of our audit of separate financial statements as a whole and taken into account when forming our opinion thereon; in doing so, we do not express a separate opinion on these matters. During this statutory audit assignment, we did not identify any other matters relating to the audit estimates other than those mentioned in Key Audit Matters section of this report, the information about which we consider appropriate to disclose in accordance with the requirements of paragraph 4.3 Article 14 of the Law "On the Audit of Financial Reporting and Audit Activity" dated December 21, 2017 No. 2258-VIII.

4. The information contained herein regarding the audit of the Company's separate financial statements was agreed with the information in the Supplementary Report for the Owner dated August 14, 2021.

5. During 2020, BDO LLC did not provide the Company with other services, except for audit of separate and consolidated financial statements as at December 31, 2019 and for the year then ended.

6. BDO LLC and a Key Audit Partner are independent to the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (further – IESBA Code) and ethical requirements applied in Ukraine to our audit of seperate financial statements, and we performed other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, we have not identified any additional facts or issues that could affect our independence and which we would like to draw your attention to. BDO LLC did not provide the Company with other services prohibited in accordance with the requirements of Article 6 of the Law of Ukraine "On the Audit of Financial Statements and Audit Activities" dated December 21, 2017, No. 2258-VIII for 2019 and from 01 January 2020 to the date of signing this Independent Auditor's Report.

The audit was performed under the supervision of the Key Audit Partner, Nikolaenko Oleksandr M.

Key Audit Partner O. M. Nikolaenko

Registration number with the Register of auditors and audit entities: 101534

Kyiv, May 19, 2021

Limited Liability Company BDO. Identification code under EDRPOU: 20197074. Number of registration in the Register of Auditors and Audit Entities: 2868. Legal address: 4, Andriia Fabra Street, Dnipro, 49070. Tel. 044 393-26-91.

BDO LLC is included in the Register of auditors and audit entities in section 4 "Audit entities that have right to conduct statutory audit of financial statements of the public interest entities". Link to the Register: https://www.apu.com.ua/subjekty-audytorskoi-dijalnosti-jaki-majut-pravo-provodyty-obovjazkovyj-audyt-finansovoi-zvitnosti-pidpryjemstv-shho-stanovljat-suspilnyj-interes/

(in thousands of UAH)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the Independent Auditor's Report on pages I-V, is made with a view to distinguishing the respective responsibilities of Management and those of the independent auditors in relation to the separate financial statements of the CFI AMIC UKRAINE (further – the Company).

Management of the Company is responsible for the preparation of the separate financial statements that present fairly, in all material respects, the financial position of the Company as at December 31, 2020, its financial performance and cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing the separate financial statements, Management of the Company is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Applying reasonable estimates and assumptions;
- Compliance with relevant IFRS and disclosure of all material departures in Notes to the separate financial statements;
- Preparing the separate financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

The Company's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The separate financial statements of the Company for 2020 were approved on May 19, 2021.

Signed on behalf of the Company:

General Director	Stropus Audrius
Chief Accountant	Yartseva Tetiana Volodymyrivna

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	31.12.2020	31.12.2019
ASSETS			
I. Non-current assets			
Intangible assets	7	900	2 272
original cost		9 175	9 135
accumulated amortization		(8 275)	(6 863)
Construction in progress	8	11 956	8 784
Property, plant and equipment	8	1 602 223	1 563 320
original cost		2 054 137	1 859 977
depreciation		(451 914)	(296 657)
Investment property	9	11 193	14 924
original cost		22 386	22 386
depreciation		(11 193)	(7 462)
Long-term financial investments accounted for at equity method	10	7 250	12 805
Long-term accounts receivable		3 053	4 445
Other non-current assets	11	11 223	15 299
Total in Section I		**1 647 798**	**1 621 849**
II. Current assets			
Inventories	12	453 143	510 857
Accounts receivable for goods, works and services	13	50 193	119 723
Accounts receivable from advances made	14	284 919	68 556
Accounts receivable on settlements with budget	15	304	34 222
including income tax		304	304
Other current accounts receivable	13	6 629	1 067
Cash and cash equivalents	16	259 643	206 734
Other current assets	17	466	22 695
Total in section II		**1 055 297**	**963 854**
III. Non-current assets held for sale and disposal groups		-	-
Balance		**2 703 095**	**2 585 703**

Tel.: 0038 (044) 593 23 00 Fax: 0038 (044) 501 05 48

(in thousands of UAH)

	Note	31.12.2020	31.12.2019
Liability			
I. Equity			
Authorized capital	18	51 931	51 931
Additional capital	18	1 240 197	1 224 560
Retained earnings (uncovered loss)	18	(8 537 930)	(6 907 909)
Total in section I		**(7 245 802)**	**(5 631 418)**
II. Long-term liabilities and provisions			
Deferred tax liabilities	34	86 113	86 501
Other long-term loan liabilities	19	7 904 123	6 799 163
Other long-term lease liabilities	20	19 107	26 907
Total in Section II		**8 009 343**	**6 912 571**
III. Current liabilities and provisions			
Current accounts payable on:			
Long-term liabilities	19, 20	1 464 426	670 385
Goods, works, services	21	99 936	257 722
Settlements with budget	22	9 449	4 739
Insurance	22	3 196	2 675
Remuneration of labor	22	12 949	11 566
Current payables on advances received	22	84 884	96 101
Current provisions	23	56 935	46 222
Deferred income	26	26 892	26 910
Other current liabilities	19, 24	180 887	188 230
Total in Section III		**1 939 554**	**1 304 550**
IV. Liabilities related to non-current assets held for sale and disposal groups		-	-
Balance		**2 703 095**	**2 585 703**

Approved by the Management of the Company and signed on its behalf:

General Director ______________ Stropus Audrius

Chief Accountant ______________ Yartseva Tetiana Volodymyrivna

Notes on pages 7-41 are an integral part of these separate financial statements.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR 2020

	Note	2020	2019
Net income from sales of products (goods, works, services)	27	7 366 868	8 133 612
Cost of sold products (goods, works, services)	28	(6 038 963)	(6 876 524)
Gross profit		**1 327 905**	**1 257 088**
Other operating income	31	36 298	132 640
Administrative expenses	29	(129 635)	(125 010)
Distribution costs	30	(956 309)	(890 340)
Other operating expenses	31	(19 496)	(24 776)
Financial result from operating activity		**258 763**	**349 602**
Equity income	10	207	3 482
Other financial income	32	3 508	5 046
Other income	33	23 945	3 433 987
Financial expenses	32	(414 297)	(551 473)
Equity loss	10	(5 762)	(92)
Other expenses	33	(1 497 950)	(190)
Financial result before tax		**(1 631 586)**	**3 240 362**
Income tax gain/(expenses)	34	**388**	**5 073**
Net profit/(loss)		**(1 631 198)**	**3 245 435**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(1 631 198)**	**3 245 435**

Approved by the Management of the Company and signed on its behalf:

General Director ____________________ Stropus Audrius

Chief Accountant ____________________ Yartseva Tetiana Volodymyrivna

Notes on pages 7-41 are an integral part of these separate financial statements.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

SEPARATE STATEMENT OF CASH FLOWS FOR 2020

	Note	2020	2019
I. Cash flows from operating activity			
Inflows from:			
Sale of products (goods, works, services)		8 699 862	9 416 783
Return of taxes and levies		210	132
Target financing		-	23
Inflows from advances from buyers and customers		146 841	226 489
Inflows from return of advances		47 358	73 335
Inflows from interest on cash balances on current accounts		3 508	5 046
Inflows from borrowers of forfeits (fines, penalties)		7 111	6 158
Inflows from operating leases		25 855	28 399
Other inflows		7 616	13 643
Expenses to pay:			
Goods (works, services)		(7 279 677)	(8 788 114)
Remuneration of labor		(301 033)	(269 232)
Social charges		(75 717)	(67 252)
Tax and duties payable		(212 430)	(123 370)
Payment of advances		(757 999)	(139 993)
Return of advances		(9 937)	(9 109)
Other expenses		(22 074)	(21 560)
Net cash flows from operating activities		**279 494**	**351 378**
II. Cash flow from investment activity			
Inflows from sales of:			
Financial investment		-	-
Non-current assets		1 447	6 248
Expenses to purchase:		-	-
Financial investment		-	-
Non-current assets	8	(243 772)	(174 955)
Net cash flow from investment activity		**(242 325)**	**(168 707)**
III. Cash flow from financing activities			
Inflows from:			
Equity		-	-
Receipt of loans	19	-	-
Expenses to repay interest for using a leased property	30	(4 076)	(5 176)
Outflows for:			
Granting of loans		(5 000)	
Net cash flow from financing activities		(9 076)	(5 176)
Net cash flow for the reporting period		**28 093**	**177 495**
Opening cash balance	16	206 734	41 978
Effect of changes in exchange rates on cash balances		24 816	(12 739)
Closing cash balance	16	**259 643**	**206 734**

Approved by the Management of the Company and signed on its behalf:

General Director ______________ Stropus Audrius

Chief Accountant ______________ Yartseva Tetiana Volodymyrivna

Notes on pages 7-41 are an integral part of these separate financial statements.

ПВ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR 2020

	Registered capital	Additional capital	Uncovered loss	Total
Balance as at 01.01.2019	**51 931**	**304 999**	**(10 153 328)**	**(9 796 398)**
Net profit for the year and comprehensive profit for the year	-	-	3 245 435	**3 245 435**
Other changes (Note 18)	-	919 561	(16)	**919 545**
Total changes in equity	**-**	**919 561**	**3 245 419**	**4 164 980**
Balance as at 31.12.2019	**51 931**	**1 224 560**	**(6 907 909)**	**(5 631 418)**
Net loss for the year and comprehensive loss for the year	-	-	(1 631 198)	**(1 631 198)**
Other changes (Note 18)	-	15 637	1 177	**16 814**
Total changes in equity	**-**	**15 637**	**(1 630 021)**	**(1 614 384)**
Balance as at 31.12.2020	**51 931**	**1 240 197**	**(8 537 930)**	**(7 245 802)**

Approved by the Management of the Company and signed on its behalf:

General Director ______________ Stropus Audrius

Chief Accountant ______________ Yartseva Tetiana Volodymyrivna

Notes on pages 7-41 are an integral part of these separate financial statements.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

The Company with Foreign Investments AMIC UKRAINE (hereinafter – "the Company") has been established and performs operations on the basis of the Charter registered by the Shevchenkivskyi District State Administration in Kyiv on 16 November 1999, and has one owner as of December 31, 2020:

	2020	2019
AMIC ENERGY MANAGEMENT GmbH (Austria)	100%	100%

The beneficial owners (controllers) of the Company are individuals Mr. Günter Maier, Austria, Mr. Johannes Klezl-Norberg, Austria, Mr. Heinz Sernetz, Austria, and Gillen Philipp Andrew, United Kingdom.

The Company is the successor of property, rights and obligations of CFI "LUKOIL-Ukraine"..

Legal and actual address of the Company is 68, Verhniy Val, Kyiv.

The principal activities of CFI AMIC Ukraine are sale of oil products on the domestic market of Ukraine:

- Wholesale (gasoline, diesel fuel),
- Retail through its own and leased network of gas stations,
- Sale of jet fuel (refueling of aircraft),
- Sale of related products through the network of gas stations.

The Company purchases oil products from foreign suppliers, as well as in the domestic market of Ukraine.

During 2020, the average number of employees was 2 123 persons (2019: 2 117 persons).

The separate financial statements of the Company for the year ended December 31, 2020 were approved by the Company's Management on May 17, 2021.

2. OPERATING ENVIRONMENT IN UKRAINE

After a precipitation in 2020 Q2, caused by quarantine, the economy recovered quickly in the next quarter, beyond expectations by most forecasts. However, further growth slowed down in the fall with the second wave of the coronavirus pandemic and increased quarantine measures in both Ukraine and other European countries. At the same time, positive news on vaccines gives hope that next year new waves of disease spread and severe restrictions can be avoided and the economy will get a boost to return to pre-pandemic levels.

At the end of 2020, Ukraine, as a consequence, has a 6.0% GDP decline (compared with growth of 3.2% in 2019). The National Bank of Ukraine (hereinafter – the NBU) achieved the goal of controlling inflation, which in 2020 was 5.0% (compared to 4.1% in 2019). The NBU predicts that inflation will remain below the target range, economic development will accelerate, and the balance of payments will be in the range of 4%. In addition, monetary policy has every reason to maintain a softening trend, with the discount rate at 6% at the end of 2020 and projected at the same level in 2021. At the same time, currency liberalization will continue, it is planned to remove restrictions on foreign currency purchase.

Previous expectations of receiving a second tranche from the IMF no earlier than 2021 were confirmed. A number of problematic issues (independence of the central bank, budget for 2021, salaries in the public sector) were supplemented by recent decisions of the Constitutional Court on the abolition of criminal liability for false declarations and the activities of anti-corruption bodies. The government is making efforts to address these issues and remains committed to active cooperation with Western partners. Obtaining a new tranche from the IMF and related official financing is important given the significant amount of external debt repayments in 2021.

Foreign economic stability is supporting the exchange rate. In September-November, external factors were favorable for the Ukrainian economy and its currency. Including prices of major export commodities (steel, iron stone, grain, oil) remained high or even increased, and news about vaccines generated a return of investors' appetite for emerging market assets. In addition, domestic demand remained generally weak and tourism restrictions were kept in place. As a result, the current account in 2020 will be in significant surplus, around 4% of GDP. Next year, provided domestic demand recovers, in particular for foreign travels, and prices of imported gas, oil and oil products rise, we expect a return to a small

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

deficit (no more than 1% of GDP). In the meantime, the capital inflows will be enough not only to finance the current account deficit, but also to fund further reserve accumulation — up to $31 bln by the end of 2021. Under such conditions, the hryvnia exchange rate may strengthen to 27-27.5 UAH/USD in mid-2021 and 27.5-28 UAH/USD at the end of the year.

In respect of the possible risks for the Ukrainian economy, and, consequently, for the Company, these are possible global economic shocks associated with the coronavirus, Ukraine's failure to fulfill obligations to repay a significant amount of public debt, uncertainty about the end of the conflict in Donbas, disappointment and decline of confidence in branches of government.

In preparing these financial statements, known and such that can be estimated, the results of the impact of the above factors on the financial position and performance of the Company in the reporting period were considered. Management cannot predict all changes that may affect the economy as a whole, as well as what effect they may have on the Company's financial condition in the future. Management believes it is taking all actions necessary to support the sustainability and development of the Company's business. These financial statements do not include any adjustments that might result from these uncertainties. Such adjustments will be reported when they become known and estimable.

3. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

Statement of compliance

The separate financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation

The separate financial statements were prepared on the historical cost basis.

Reporting period

The separate financial statements were prepared as at December 31, 2020 and cover the period from January 01 to December 31, 2020. These separate financial statements include comparative information for the period preceding the reporting period.

Functional and presentation currency

The functional currency of the Company is the national currency of Ukraine, Hryvnia (UAH). Transactions in other currencies are treated as foreign currency transactions. The separate financial statements are presented in Ukrainian Hryvnia (“UAH”). All amounts are rounded to the nearest thousand unless otherwise stated.

Preparation of the consolidated financial statements

The Company also prepared the consolidated financial statements that include the financial statements of subsidiaries (the “Group”) in accordance with IFRS. Detailed information on subsidiaries is disclosed in Note 10.

Users of these separate financial statements of the Company should consider them together with the consolidated financial statements of the Group as at December 31, 2020 and for the year then ended to obtain a proper understanding of the financial position, financial performance, cash flows of the Company and its subsidiaries.

Going concern assumptions of the Company

These separate financial statements were prepared on a going concern basis, which provides for the realization of assets and the settlement of liabilities in the ordinary operating activities.

The Company's Management cannot foresee all the changes that may have an impact on the economy as a whole, as well as the consequences they may have on the Company's financial position in the future. Management believes that it is taking all measures necessary to maintain the stable operation and development of the Company.

As of December 31, 2020, the Company has a negative value of equity in the amount of UAH 7,245,802 thousand (as of December 31, 2019: UAH 5,631,418 thousand, as of December 31, 2018: UAH 9,796,398 thousand), and its current liabilities exceed its current assets by UAH 884,257 thousand (as of December 31, 2019: UAH 340,696 thousand, as of December 31, 2018: UAH 4,942,025 thousand). The Company

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

received a net loss of UAH 1,631,198 thousand for the year ended December 31, 2020 (net profit for the year ended December 31, 2019 amounted to UAH 3,245,435 thousand). The positive cash flow from operating activities for 2020 amounted to UAH 279,494 thousand (positive cash flow from operating activities for 2019 amounted to UAH 351,378 thousand).

These separate financial statements do not contain any adjustments that may occur due to such uncertainty. Such adjustments will be reported if they become known and estimable.

In the first months of 2020, the coronavirus (COVID-19) spread around the world and its negative impact intensified.

According to the Company's Management, this outbreak is related to events after the reporting period and does not require an adjustment to the financial statements for the period ending December 31, 2020. Although the situation is still developing as of the date of these financial statements, till now there has been no discernible impact of the coronavirus (COVID-19) on the Company's going concern, namely the Company's sales operations or supply chain. Due to the specifics of its work, the Company does not have a significant decrease in sales. The Company experienced significant decrease in sales of aviation fuel due to the restriction of air services. Retail fuel sales through the filling stations network in Q1 2021 decreased by 0.21% as compared to the planned indicators by 3.2%.

The Company has supported all initiatives of the Ukrainian government to minimize the spread of coronavirus (COVID-19) among employees and customers and has taken measures to protect employees (business trips are cancelled, remote work for office workers is organized, employee transportation is organized during quarantine, their health status is monitored, disinfection of production and office premises is increased).

However, the impact of this situation on the Company in the future cannot be predicted. The Company will continue to closely monitor the potential impact of these events and will take all possible measures to reduce the possible consequences.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the separate financial statements requires Management to make judgments, estimates and assumptions that affect the amounts presented in the separate financial statements. These assumptions are based on information known at the date of approval of the separate financial statements. Actual results may differ from such estimates. The main estimates for the separate financial statements relate to the assessment of the value and useful life of fixed assets, intangible assets, credit risk assessment.

The following are the main assumptions for future developments and other major sources of inaccuracy of estimates at the reporting date, which carry a significant risk that the carrying amounts of assets and liabilities will be materially adjusted over the next financial year.

The useful life of fixed assets

The Company estimates the remaining useful lives of property, plant and equipment at the end of each financial year (Note 8). The estimate of the useful life of an item of property, plant and equipment depends on Management's judgment based on experience with similar assets. In determining the useful life of an asset, Management considers the conditions of the expected use of the asset, the expected period of obsolescence, physical depreciation and operating conditions in which the asset will be operated. If expectations differ from previous estimates, changes are accounted for as changes in accounting estimates in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Such estimates may have a material effect on the carrying amount of property, plant and equipment and on the amount of depreciation recognized in the statement of comprehensive income.

Impairment of fixed assets and incomplete capital investments

At each reporting date, the Company assesses whether there is any indication as to whether the recoverable amount of property, plant and equipment has decreased below its carrying amount. Non-financial assets are reviewed for impairment whenever there is an indication that the carrying amount of such an asset may not be recoverable. In determining the value in use of assets, Management should estimate the expected future cash flows or the cash-generating unit and select the appropriate discount rate to determine the present value of those cash flows.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Assessment of expected credit losses

The Company charges provisions for impairment of financial assets based on the probability of default and expected loss ratios. The Company uses professional judgment in making these assumptions and selecting source data to calculate impairment based on the Company's past experience, current market conditions and future estimates at the end of each reporting period.

Current taxes

Ukrainian tax, currency and customs legislation is constantly interpreted and changed. In addition, the interpretation of tax legislation by the tax administration, which is applied to the operating activities of the Company, may not coincide with the interpretation of Management. As a result, the tax administration may question the transactions, and the Company may receive additional tax liabilities, penalties and interest that may be material. The customs and tax services have the right to review tax liabilities for the three calendar years preceding the year of the audit. Under certain circumstances, the inspection may cover longer periods. Management believes that as at December 31, 2020, its interpretation of the relevant legislation is appropriate, and it is likely that the tax, currency and customs positions of the Company can be approved. In addition, in 2020, no significant penalties were imposed on the Company by the controlling bodies for non-compliance with the current norms of Ukrainian legislation.

5. BASIC ACCOUNTING POLICIES

Foreign currency translation

Foreign currency transactions are initially recognized in the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. All differences are reflected in the statement of comprehensive income. Non-monetary assets and liabilities denominated in other currencies are stated at historical cost at the exchange rate in effect at the date of the original transaction.

The hryvnia is not a convertible currency outside Ukraine. In Ukraine, official exchange rates are set daily by the National Bank of Ukraine (NBU). Market rates may differ from the official ones, but within a narrow corridor controlled by the NBU.

Official exchange rates set by the NBU and in which the Company conducts its main operations:

Official NBU rate	USD	EUR
December 31, 2019	23.686200	26.422000
December 31, 2020	28.274600	34.739600

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost of PPE includes:

(a) the purchase price, including non-refundable import duties and taxes, net sales and other discounts;

(b) any costs that are directly related to bringing the asset to the location and condition allowing operation in the manner intended by the Company's Management;

(c) the initial estimate of the costs of dismantling and removing an item of property and the restoration of the territory occupied at the site.

The value of internally created assets includes the cost of materials, direct labor costs and an appropriate proportion of production overheads.

Capitalized costs include significant costs of upgrading and replacing parts of assets that increase their useful lives or improve their ability to generate revenue. Expenses for repairs and maintenance of fixed assets that do not meet the above capitalization criteria are reflected in the statement of comprehensive income for the period in which they were incurred.

Borrowing costs that are directly attributable to the acquisition, construction or creation of property, plant and equipment, provided that their preparation for use or sale takes a long time, are capitalized as part of the value of the relevant property, plant and equipment.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

The amount to be depreciated is the original cost or the carrying amount of the item of property, plant and equipment less its residual value. Depreciation of property, plant and equipment is accrued using the straight-line method based on the following expected useful lives of the related assets:

Group	Depreciation period
Land	Not depreciated
Buildings and structures	10-30 years
Machinery and equipment	5-25 years
Vehicles	10 years
Other fixed assets	3-15 years
Furniture, instruments and fixtures	5 years

The useful life may differ from those stated above, because for fixed assets that were on the balance sheet of the Company as at 01.01.2018, the residual useful lives specified in the report of the independent professional appraiser were applied.

An item of property, plant and equipment is derecognized when the asset is disposed of or when no future economic benefits are expected from its use or sale. Gains or losses on write-offs of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the year in which the asset is derecognized.

The residual value of fixed assets, useful lives and depreciation methods are reviewed and adjusted as necessary at the end of each financial year.

Construction in progress is stated at cost less accumulated impairment losses, and includes unfinished structures and new equipment to be installed during the completion of construction. Depreciation is not charged until the completion of construction of such assets and their commissioning.

Investment property

Investment property is a real estate (land or a building, or a part of a building, or combination thereof) held by an owner or a lessee as a right-of-use asset to earn rentals or for capital appreciation or both. An investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. IAS 16 “Property, Plant and Equipment” applies to owner-occupied property.

The investment property is assessed initially at cost. Subsequently, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

When charging depreciation, the straight-line method is used. The depreciation charged is included in distribution costs. The useful life of investment property is the same as the useful life of corresponding groups of fixed assets and right-of-use assets.

Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. When intangible assets are sold or disposed of, their value and accumulated amortization are removed from the separate financial statements, and the gain or loss resulting from their disposal is recognized in the statement of comprehensive income. Amortization of intangible assets is accrued using the straight-line method over 3-5 years.

The carrying amount of an intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be fully recoverable.

Intangible assets consist of software and software licenses.

Investments in subsidiaries

Investments in subsidiaries are recognized in these separate financial statements using the equity method. Under this method, investments are initially recognized at cost and subsequently adjusted to recognize the Company's share of profit or loss and other comprehensive income of subsidiaries.

In cases where the Company carries out transactions with a subsidiary, gains and losses arising from such transactions are recognized only in the amount of the Company's shares in that subsidiary.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

After applying the equity method, including loss recognition, an entity shall determine whether there is any objective evidence that the investment is impaired. If any such indication exists, the carrying amount of the investment is reviewed for impairment in accordance with IFRS 36 "Impairment of Assets".

Impairment of non-financial assets

At each reporting date, the Company determines whether there is any indication that the asset may be impaired. If any such indication exists, or if annual testing is required, the Company assesses the asset's estimated recoverable amount. The estimated recoverable amount of the asset is the higher of the fair value of the asset or cash-generating unit less costs to sell or the value in use of the asset. The estimated recoverable amount of the asset is determined for each individual asset if that asset generates cash inflows independently of other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to have impaired and is written off to the recoverable amount. In determining the value in use, future cash flows are discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Different valuation techniques are used in determining fair value less costs to sell.

Management recognized separate units of the Company — gas stations and oil depots — as a cash generating unit to assess impairment.

An impairment loss for current activities is recognized in the statement of comprehensive income as part of those expense categories that correspond to the functions of the impaired asset.

At each reporting date, there is an assessment that a previously recognized impairment loss on an asset no longer exists or has impaired. If any such indication exists, the Company estimates the asset's recoverable amount. An impairment loss recognized in prior periods is adjusted only if the estimates used to determine the recoverable amount for the asset have changed since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset shall not exceed the carrying amount (net of depreciation) that would have been received if the impairment loss had not been recognized in prior years. The reversal of an impairment loss is recognized in the statement of comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the sale of an assets or transfer of a liability is made:

- whether on a principal market for such assets or liabilities;
- or when there is no principal market, at the most advantageous market for such assets and liabilities.

The Company should have an access to the principal or the most advantageous market. Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which data are available, sufficient for measuring fair value.

All assets and liabilities, whose fair value is estimated or disclosed in the separate financial statements, are classified as described below under the fair value hierarchy based on the lowest level inputs that are significant to the fair value measurement in general:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques, in which significant inputs for fair value measurement are inputs relating to lowest level hierarchy observable either directly or indirectly at the market;
- Level 3 — Valuation methods that use unobservable inputs that are relating to the lowest level of the hierarchy are not observable at the market.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

In the case of assets and liabilities that are recognized in the seperate financial statements on a periodic basis, the Company determines the transfer between levels of the hierarchy, re-analyzing the classification (based on the lowest level inputs that are significant for estimating fair value as a whole) at the end of each reporting period.

Financial instruments

Classification of financial assets

During the initial recognition of financial instruments, the Company classifies them and determines the model for further valuation.

Financial assets are classified as follows:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

A financial asset is measured at amortized cost only if it meets both of the following conditions and is not classified as at fair value through profit or loss:

- it is held within the framework of a business model aimed to hold assets for contractual cash flows, and
- its contractual terms provide for the occurrence of cash flows within the set time limits, which represent the payment of exclusively principal and interest (SPPI criterion) for the unpaid part of the principal amount.

The Company evaluates the purpose of the asset holding business model at the level of the financial instruments portfolio as it best reflects the way business is managed and information provided to Management.

In assessing whether the contractual cash flows are exclusively payments of principal and interest on the outstanding part of the principal ("SPPI" criterion), the Company analyzes the contractual terms of a financial instrument, namely whether a financial asset contains a contractual clause that may change the timing or amount of contractual cash flows so that the financial asset will not meet the relative requirement.

In 2020, the Company had no financial assets measured at fair value.

Financial assets are reclassified prospectively only in case of changing the business model within which they are held. This reclassification is reflected prospectively.

Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for:

1) financial liabilities measured at fair value through profit/loss;

2) financial liabilities resulting when transfer of a financial asset is not in compliance with derecognition criteria or when the continuing involvement principle is applied;

3) financial guarantee contracts, aval, security.

Initial recognition and subsequent measurement of financial instruments

When the Company recognizes a financial instrument, it classifies it as subsequently measured at amortized cost and measures it, other than trade receivables, at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Transaction costs and commission income that are an integral part of the return on a financial instrument are recognized in the financial instrument and accounted for when calculating the effective interest rate for such a financial instrument.

At initial recognition, the Company assesses trade receivables at transaction price, which is the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the buyer, excluding amounts received on behalf of third parties, if the trade

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

receivable does not contain a significant financing component (when the contract payment dates give the buyer or seller significant benefits from the sale of products).

Impairment

The Company applies the impairment requirements of IFRS 9 to financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses on a financial asset carried at amortized cost for lease receivables under a contractual asset.

Allowances for expected credit losses are to be recognized in an amount equal to either expected credit losses for 12 months or expected credit losses over the lifetime of the instrument.

The Company applies a simplified approach and recognizes allowances for expected credit losses on receivables, contractual assets and receivables under lease agreements in an amount equal to expected credit losses over the lifetime of the instrument, regardless of whether there is a significant financing component.

The estimation of expected credit losses reflects the difference between contractual cash flows in accordance with the contract terms and all cash flows that the Company expects to receive. Afterwards, the loss is discounted to the original effective interest rate of the asset.

The Company divided financial assets on the basis of general credit risk characteristics such as: type of a financial instrument, credit risk rating, type of debtor or issuer, dates of initial recognition of a financial asset, and applied historical interest on credit losses based on the Company's experience in respect of such losses adjusted for specific factors for debtors and general economic conditions.

Derecognition and contract modification

Financial assets are derecognized whenever:

a) the rights to contractual cash flows of the financial asset contract expire;

b) the transfer of a financial asset meets the derecognition criteria;

c) the financial asset is written off against the provision.

The control of the transferred asset is not available if a party to whom the asset is transferred has the real ability to sell it to an unrelated third party and may sell it unilaterally without the need to impose additional restrictions on such transfer. If the control over a financial asset is not retained, such an asset is derecognized; otherwise, if the control over the financial asset is retained, it is recognized to an extent of the continuing involvement therein.

The difference between the carrying amount of a financial asset measured at derecognition date and the amount of consideration received (including the value of the new asset received less the liability amount) is recognized as income or expense from derecognition.

The financial liability or part thereof is derecognized if such liability is settled, canceled or expired. The difference between the carrying amount of repaid or transferred financial liability to another party (or part thereof) and the amount of the consideration paid is income/expense from derecognition.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and a related net amount is recognized in the statement of financial position if, and only when, the Company has a legally enforceable right to set off and intends to settle on a net basis, or to sell the asset and settle the liability simultaneously. The Company has a legal right to set off, if this right does not depend on a future event and can be exercised in the ordinary course of business and in the event of default, insolvency or bankruptcy of an entity and all counterparties.

Write-off

The gross carrying amount of a financial instrument is written off against the provision charged after it's recognized as bad, the existence of the allowance for expected credit losses, and simultaneous fulfillment of other prerequisites defined by the requirements of the current legislation of Ukraine and the internal regulations of the Company.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Cash and cash equivalents

Cash and cash equivalents include current bank accounts, cash on hand, cash in transit, short-term deposits with a contractual maturity of up to three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, less unpaid bank overdrafts.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories includes the cost of purchasing raw materials, the amount of import duty, the amount of excise tax in connection with the purchase of goods, other expenses that incurred in bringing the inventories to their present location and condition.

The transportation costs for each type of goods to the first place of storage and bringing to current state are included in the cost.

The Company uses the FIFO method (first in - first out) to estimate the disposal of all stocks.

Net realizable value is based on the estimated selling price in the ordinary course of business, less all expected costs to sell.

Equity

Equity reflects the amount of excess of the Company's assets over its liabilities. It represents the total amount of assets that could potentially be distributed among the founders.

The main components of the Company's capital are:

- Equity,
- Additional capital,
- Retained earnings.

The authorized capital gives the right to a residual share in the Company's assets after deducting all its liabilities. Equity instruments issued by the Company are stated at the amount of receipts received, except for direct costs of issue.

Additional capital includes the amount of the discount on debt on loans from related parties.

Retained earnings are the profits received by the Company from the beginning of business activities less losses, dividends.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable 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. Where all or part of the costs necessary to repay the obligation can be expected to be reimbursed by the other party, the reimbursement is not recognized until they are received.

Where the effect of the value of money over time is significant, the amount of collateral is determined by including projected cash flows using a discount rate that reflects the pre-tax rate and the current market value of money over time, as well as the risks associated with a particular liability. When discounting, an increase in the amount of collateral that reflects the effect of time is recognized as an interest expense.

Contingent assets and liabilities

Contingent liabilities are not recognized in the separate financial statements, but information about them is provided in the Notes, except when the probability of outflow of resources that contain economic benefits is insignificant.

Contingent assets are not recognized in the separate financial statements, but information about them is provided when economic benefits are probable.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Lease

A contract is, or contains, a lease if the contract grants the right to control the use of an identifiable asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, each lease component within the contract is accounted for as a lease separately from non-lease components of the contract, unless the practical expedient described below is used. As a practical expedient, the Company decided, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Company as a lessee

The Company does not apply the requirements for the recognition and measurement of lease to:

a) short-term lease (for up to 12 months); and

b) leases for which the underlying asset is of little value (the value of the new asset is less than the equivalent of EUR 5 thousand).

The Company recognizes lease payments associated with the lease as straight-line costs over the lease term.

Initial measurement of the right-of-use asset

At the commencement date, the Company measures the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

a) the amount of the initial measurement of the lease liability;

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee; and

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease conditions.

Initial measurement of the lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are unpaid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the Company's incremental borrowing rate.

The incremental borrowing rate is the interest rate that the Company would have paid to borrow for a similar term and with similar provisioning of funds necessary to obtain an asset at a cost similar to the right-of-use asset in similar economic conditions.

At the commencement date, the lease payments, included in the measurement of the lease liability, comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable.

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the price of the purchase option, if the lessee has reasonable assurance to use it; and

e) payments at the expense of fines for the lease termination, if the lease term reflects the lessor's feasibility to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Subsequent measurement of the right-of-use asset

After the commencement date, the Company measures the right-of-use asset applying a cost model:

a) less any accumulated depreciation and any accumulated impairment losses; and

b) adjusted for any remeasurement of the lease liability.

Depreciation is charged applying the requirements in IAS 16 "Property, Plant and Equipment". The lessee shall depreciate the right-of-use asset from the lease commencement date to the earlier of the following two dates: the end of the useful life of the right-of-use asset and the end of the lease.

Subsequent measurement of the lease liability

After the commencement date of the lease, the Company shall revalue the carrying amount of the liability to reflect any revaluation or modification of the lease, or to reflect revised fixed lease payments.

After the commencement date of the lease, the Company recognizes in profit or loss, unless these costs are included in the carrying amount of another asset, applying other relevant standards:

a) interest on the lease liability; and

b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Reassessment of the lease liability

After the commencement date, the Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, then the Company shall recognize any remaining amount of the remeasurement in profit or loss.

A lessee remeasures the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a) there is a change in the lease term. The Company determines the revised lease payments on the basis of the revised lease term; or

b) there is a change in the assessment of an option to purchase the underlying asset. The Company determines the revised lease payments to reflect the change in amounts payable under the purchase option.

Company as a lessor

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset.

The lessor adds the initial direct costs incurred in concluding the operating lease to the carrying amount of the underlying asset and recognizes them as costs over the lease term on the same basis as the lease income.

The lessor recognizes lease payments under operating leases as income on a straight-line basis or on any other systematic basis. A lessor applies a different systematic basis if such a basis better reflects a model that reduces the benefits of using the underlying asset.

The lessor recognizes the costs, including depreciation, incurred in obtaining rental income as an expense.

Revenues

Revenue from contracts with customers

The Company recognizes revenue when (or as) it satisfies performance obligations by transferring the promised product or service (i.e., an asset) to the customer. The asset is transferred when (or as) the customer obtains control of such an asset.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Control over the asset means the ability to control its use and receive virtually all other associated benefits. Control includes the ability to prohibit other business entities from managing the use of the asset and receiving associated benefits. Benefits from the asset are potential cash flows (cash inflows or outflow of cash savings) that can be obtained directly or indirectly.

Sale of goods and services

Revenue from sale of goods and services is recognized when the Company sells the goods or services to the customer.

The Company considers whether there are other promises during the sale that are separate performance obligations for which part of the transaction price must be allocated (such as warranties, loyalty award credits of customers). In determining the price of a sales transaction, the Company considers the effects of a variable cost, the existence of significant financing components, non-cash compensations and consideration payable to the customer (if any).

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the entity is entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if the Company's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

The Company includes in the transaction price some or all of the variable consideration only if it is highly probable that when the uncertainty associated with the variable consideration is basically resolved, there will be no significant reversal of the amount of recognized cumulative income.

Significant financing component

As a practical expedient, the Company needs not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Adjusting the promised amount of consideration to account for a significant financing component, the Company uses the discount rate that would be applied in a separate financing operation between an entity and its customer at contract inception. This rate will reflect the credit characteristics of a party receiving financing under the contract, as well as any collateral or security provided by the customer or the Company, including contractual assets transferred.

Loyalty program

A loyalty program is an opportunity for a customer to purchase additional goods or services for free or at reduced prices as a result of concluding a certain contract, buying a certain product or buying for a certain amount. In doing so, the buyer pays in advance for goods or services that will be received in the future. Accordingly, the seller recognizes revenue only after the transfer of these additional goods or services or after the expiration of the marketing promotion/offer. According to the Loyalty Program, bonus units (points) are accrued to the buyer for a certain amount of purchases. Bonus units provided under customer loyalty programs should be accounted for as a separate component of the sales transaction that results in them and should be separately identified and reflected in the separate financial statements.

Presentation

A contractual asset is the entity's right to compensation in exchange for goods or services that the entity has transferred to the customer. If the Company transfers goods and services to a customer before the customer pays the consideration or before the due date, the amount of the contractual asset is recognized in the amount of the consideration received, which is contingent.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Accounts receivable are the Group's right to consideration, which is unconditional (for example, if only time is required for such compensation to be due).

A contractual obligation is an obligation to transfer goods or services to a customer for which the entity has received compensation (or is due) from the customer. If the customer pays compensation before the Company transfers the goods or services to the customer, the contractual obligation is recognized on due date or the date on which payment is due (whichever is earlier). A contractual obligation is recognized as income when the Company meets its contractual obligations.

Interest

Income is recognized when interest is accrued (considering the effective interest method).

Borrowing costs

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the value of the asset. Other borrowing costs are recognized as an expense as incurred.

Employee benefits

The Company makes current contributions to the State Pension Fund. Contributions are calculated as a certain percentage of the total amount of salary established by law. The Company has neither a legal nor a constructive liability to make further contributions on wages. The liability for contributions arises together with the liability for wages. These contribution costs relate to the same period as the corresponding amount of wages.

The Company recognizes current provision for vacation in accordance with accruals that are required by law. The source of uncertainty regarding the amount of benefits may be further changes in employees' salaries before the vacation, as they affect the amount of future benefits. The Company measures a provision based on information available at the reporting date.

Income tax

Current income tax

Current tax assets and liabilities for the current and previous periods are measured at the value expected to be reimbursed by the tax authorities or paid to the tax authorities in accordance with Ukrainian tax law. The tax rates and tax laws used to calculate this amount are those that were enacted or substantively enacted at the reporting date. The income tax rate of 18% is used to calculate income tax.

Deferred income tax

Deferred income tax is determined using the balance sheet liability method applied to all temporary differences existing at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where a deferred tax liability arises as a result of the initial recognition of goodwill or an asset or liability in a business transaction that is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit or loss;
- taxable temporary differences related to investments in subsidiaries and associates, if the parent company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the near future.

Deferred tax assets are recognized for all non-taxable temporary differences and unused tax credits and tax losses carried forward if there is a possibility to obtain taxable profit for which a non-taxable temporary difference can be applied, as well as tax credit and unused tax losses, except when:

- a deferred tax asset relating to non-taxable temporary differences arises from the initial recognition of an asset or liability in a business transaction that is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit or loss;

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

- taxable temporary differences related to investments in subsidiaries and associates, deferred tax assets are recognized only if it is probable that the temporary differences will be reversed in the near future and a taxable profit will be recognized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized previously deferred tax assets are revalued at the reporting date and are recognized when it is probable that future taxable profits will be available against which the deferred tax asset can be utilized.

Deferred tax assets and liabilities are determined at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates (and tax laws) in effect at the reporting date. Deferred income tax relating to items of other comprehensive income or those recognized directly in equity is recognized in other comprehensive income or directly in equity, rather than in profit or loss.

Deferred tax assets and deferred tax liabilities are offset when there is a full legal right to credit current tax assets to current tax liabilities if they relate to income taxes charged by the same tax authority to the same entity.

Value added tax

Sales revenue, expenses and assets are recognized net of VAT. The net amount of VAT that can be reimbursed by the tax authorities or paid to the tax authorities is included in receivables or payables in the statement of financial position.

6. APPLICATION OF NEW AND REVISED STANDARDS OF FINANCIAL STATEMENTS

In general, the accounting policies correspond to those applied in the previous reporting year. Some new standards and interpretations are effective beginning on or after 01 January 2020. The information on new and revised standards and interpretations that the Company first applied from 01 January 2020 is as follows:

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding the definition of materiality

The amendments clarify the definition of materiality by making it more consistent and compliant with all standards. In the new definition, information is considered essential if its omission, incorrect reflection or concealment by other information in the reporting can, according to reasonable expectations, affect the decisions of the main users of general-purpose financial statements, who take them on the basis of this financial statements. The amendment did not impact on the Company's financial statements.

Amendments to *IFRS 3 Business Combinations*

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at least, an input and substantive process that together can significantly contribute to the ability to create outputs. However, it is clarified that a business need not include all of the contributions and processes necessary to create outputs. The amendments also introduce an optional "concentration test" to permit a simplified assessment of whether an acquired set of activities and assets is a business or not. These amendments did not have any impact on the Company's financial statements but may be relevant in the future if the Company undertakes a business combination.

Amendments to *IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement — Interest Rate Benchmark Reform*

The amendments include a number of exceptions that apply to hedge relationships directly affected by interest rate benchmark reform. Interest rate benchmark reform affects hedge relationships if it gives rise to uncertainties about timing and/or the amount of interest rate benchmark-based cash flows of the hedged item or the hedging instrument. The amendment did not have any impact on the Company's financial statements as the Company does not have any interest rate based hedging relationships.

Amendments to the Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting includes a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance (particularly the definition of a liability), and clarifications in important areas, such as the roles of stewardship, prudence,

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

and measurement of uncertainty in the preparation of financial statements. The amendments to the conceptual framework for financial reporting did not affect the Company's financial statements.

Amendments to IFRS 16 *Leases — Covid-19-Related Rent Concessions*

On May 28, 2020, the IASB issued an amendment to IFRS *Leases — Covid-19-Related Rent Concessions*. This amendment exempts lessees from applying the requirements of IFRS 16 to account for lease modifications when rent concessions occurring as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may decide not to analyze whether rent concessions, granted by a lessor due to Covid-19 pandemic, are lease modifications. A lessee making that decision, must consider any lease modification due to rent concessions occurring as a direct consequence of the Covid-19 pandemic, similar to how that modification would be accounted for under IFRS 16 if it were not a lease modification. This amendment is effective for annual reporting periods beginning on or after June 01, 2020; early application is permitted. This amendment did not have any impact on the Company's financial statements.

IFRS and Interpretations not yet effected

The Company did not apply the following IFRS and Interpretations to IFRS and IAS, changes and amendments to them, which were published but did not become effective.

IFRS 17 *Insurance Contracts*.

IFRS 17 is a new financial reporting standard for insurance contracts that addresses the recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 *Insurance Contracts*, which was issued in 2005.

IFRS 17 is effective for reporting periods beginning on or after January 01, 2023, and requires comparative information. Early application is permitted, provided that an entity also applies IFRS 9 and IFRS 15 on or before the date of first-time adoption of IFRS 17. This standard is not applicable to the Company.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however is recognized only to the extent of unrelated investors' interest in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but early adoption is permitted prospectively.

Amendments to IAS 1 *Presentation of Financial Statements*

On January 2020, the IASB amended IAS 1 to clarify issues related to the classification of liabilities into current and non-current. The amendments are effective for periods beginning on or after January 01, 2023. The amendments are applied retrospectively and early adoption is permitted. The amendments may affect the classification of liabilities in the Company's statement of financial position.

Amendments to *IFRS 3 Business Combinations — Reference to the Conceptual Framework*

In May 2020, the IASB issued amendments to IFRS 3, that are intended to replace the reference to the *Framework for the Preparation and Presentation of Financial Statements,* issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. These amendments are effective for annual reporting periods beginning on or after January 01, 2022, and applied prospectively.

Amendments to IAS 16 — *Property, Plant and Equipment — Proceeds before Intended Use*

In May 2020, the IASB issued amendments to IAS 16 that prohibit prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. These amendments are effective for annual reporting periods beginning on or after January 01, 2022, and should be applied prospectively. It is expected that these amendments will have no material impact on the Group's financial statements.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract*

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

In May 2020, the IASB issued amendments to IAS 37 that clarify which costs an entity should consider when assessing whether a contract is onerous or loss-making. The amendments provide for the application of "costs directly attributable to the contract" approach. Costs, directly attributable to a contract to provide goods or services, include both incremental costs of performing that contract and allocated costs that are directly attributable to performing the contract. General and administrative expenses are not directly related to the contract and, therefore, are excluded unless they are clearly reimbursable by the counterparty to the contract. These amendments are effective for annual reporting periods beginning on or after January 01, 2022. It is expected that these amendments will have no material impact on the Company's financial statements.

Interest Rate Benchmark Reform – Phase 2

On August 27, 2020, the IASB issued the Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments in this final phase relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

These amendments are effective for annual reporting periods beginning on or after 01 January 2021, with early adoption permitted.

Annual IFRS Improvements (2018-2020 cycle):

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – a subsidiary that applies International Financial Reporting Standards for the first time*.

Under this amendment, a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 is permitted to measure the cumulative translation differences using the amounts reported by the parent in the financial statements based on the parent's date of transition to IFRSs. This amendment may also be applied by associates and joint ventures electing to apply paragraph D16 (a) of IFRS 1. This amendment is effective for annual reporting periods beginning on or after January 01, 2022, early adoption is permitted. This amendment will have no impact on the Company's financial statements.

Amendment to IFRS 9 *Financial Instruments* – fees included in the "10 per cent test" for derecognition of financial liabilities.

The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Such fees include only those fees paid or received between a lender and a borrower, and fees paid or received by a lender or borrower on the other's behalf. An entity must apply the amendment to financial liabilities modified or replaced at or after the beginning of the annual reporting period in which the entity first applies the amendment. This amendment is effective for annual reporting periods beginning on or after January 01, 2022, early adoption is permitted. It is expected that this amendment will have no material impact on the Company's financial statements.

Amendment to IAS 41 *Agriculture* – taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities do not include tax-related cash flows when measuring the fair value of assets within the scope of IAS 41.The entity has to apply the amendment prospectively in fair value measurements as of the beginning of (or after) the first annual reporting period beginning on January 01, 2022, early adoption is permitted. These amendments will have no impact on the Company's financial statements.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

7. INTANGIBLE ASSETS

Intangible assets of the Company consist of software. The carrying amount of intangible assets for the year ended December 31, 2020 has changed as follows:

Cost:	
As at January 01, 2019	**7 579**
Additions	1 556
Disposals	-
As at December 31, 2019	**9 135**
Additions	40
Disposals	-
As at December 31, 2020	**9 175**
Accumulated depreciation and impairment	
As at January 01, 2019	**(4 345)**
Depreciation charges	(2 518)
Disposals	-
As at December 31, 2019	**(6 863)**
Depreciation charges	(1 412)
Disposals	-
As at December 31, 2020	**(8 275)**
Residual value:	
As at January 01, 2019	**3 234**
As at December 31, 2019	**2 272**
As at December 31, 2020	**900**

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	December 31, 2020	December 31, 2019
Residual value of property, plant and equipment	1 602 223	1 563 320
Construction in progress	11 956	8 784
	1 614 179	**1 572 104**

Changes in property, plant and equipment for the year ended December 31, 2020 and December 31, 2019, were as follows:

	Land	Buildings, facilities	Machines and equipment	Vehicles	Other	Construction in progress	Total
Cost:							
As at December 31, 2018	**349 896**	**1 085 332**	**272 315**	**16 070**	**12 306**	**5 180**	**1 741 099**
Additions	715	75 772	37 529	1 051	16 889	3 604	135 560
Transfers	1 910	470	3 450	-	-	-	5 830
Disposals	-	(136)	(4 118)	(9 379)	(95)	-	(13 728)
As at December 31, 2019	**352 521**	**1 161 438**	**309 176**	**7 742**	**29 100**	**8 784**	**1 868 761**
Additions	-	126 400	55 350	2 337	15 021	3 172	202 280
Transfers	-	-	-	-	-	-	-
Disposals	-	(804)	(2 533)	(1 247)	(364)		(4 948)
As at December 31, 2020	**352 521**	**1 287 034**	**361 993**	**8 832**	**43 757**	**11 956**	**2 066 093**
Accumulated depreciation and impairment							
As at December 31, 2018	**-**	**(87 826)**	**(55 251)**	**(12 561)**	**(2 259)**	**-**	**(157 897)**
Additions	-	(99 348)	(47 840)	(270)	(3 784)	-	(151 242)
Transfers	-			(899)			(899)
Disposals	-	121	3 825	9 379	56	-	13 381
As at December 31, 2019	**-**	**(187 053)**	**(99 266)**	**(4 351)**	**(5 987)**	**-**	**(296 657)**
Additions	-	(103 513)	(48 318)	(746)	(7 119)	-	(159 696)
Transfers		-	3	-	3		6
Disposals	-	625	2 340	1 247	221	-	4 433
As at December 31, 2020	**-**	**(289 941)**	**(145 241)**	**(3 850)**	**(12 882)**	**-**	**(451 914)**
Residual value:							
As at December 31, 2018	**349 896**	**997 506**	**217 064**	**3 509**	**10 047**	**5 180**	**1 583 202**
As at December 31, 2019	**352 521**	**974 385**	**209 910**	**3 391**	**23 113**	**8 784**	**1 572 104**
As at December 31, 2020	**352 521**	**997 093**	**216 752**	**4 982**	**30 875**	**11 956**	**1 614 179**

The item "Property, plant and equipment" includes fully depreciated property, plant and equipment that remain in operation. The initial cost of such property, plant and equipment as of December 31, 2020 is amounted to UAH 68 423 thousand, as of December 31, 2019 is amounted to UAH 44 191 thousand.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

9. INVESTMENT PROPERTY

During 10 months of 2019, the Company maintained 11 gas stations in order to receive rent payments, which it did not operate independently. In November 2019, gas stations were returned from lease and transferred to fixed assets.

In addition, the Company subleases part of the office space, which it leases and accounts for under IFRS 16 "Leases". According to the office space plan, the Company independently operates 50% of the area, and subleases 50% of the area to several subtenants. The right-of-use assets of this part of the office space are recorded as investment property.

The carrying amount of the investment property for the year ended December 31, 2020 and December 31, 2019, has changed as follows:

	Gas station	Right-of-use assets	Total
Cost:			
As at December 31, 2018	**5 830**	**22 386**	**28 216**
Additions			
Disposals	(5 830)	-	(5 830)
As at December 31, 2019	**-**	**22 386**	**22 386**
Additions			
Disposals	-	-	-
As at December 31, 2020	**-**	**22 386**	**22 386**
Accumulated depreciation and impairment			
As at December 31, 2018	**(641)**	**(3 731)**	**(4 372)**
Depreciation charges	(258)	(3 731)	(3 989)
Disposals	899	-	899
As at December 31, 2019	**-**	**(7 462)**	**(7 462)**
Depreciation charges	-	(3 731)	(3 731)
Disposals	-	-	-
As at December 31, 2020	**-**	**(11 193)**	**(11 193)**
Residual value:			
As at December 31, 2018	**5 189**	**18 655**	**23 844**
As at December 31, 2019	**-**	**14 924**	**14 924**
As at December 31, 2020	**-**	**11 193**	**11 193**

Investment property rental income is included in other operating income. Information on income and expenses related to investment property is presented as follows:

	2020	2019
Rental income	12 970	18 988
Direct expenses recognized in connection with the maintenance of investment property that generates rental income during the reporting year	3 731	6 251

10. LONG-TERM FINANCIAL INVESTMENTS

The Company has investments in the authorized capital of the companies, residents of Ukraine.

The Company owns 99.9% of the registered capital of Amic Avia Oil LLC. Amic Avia Oil LLC has a Certificate of Conformity of the State Aviation Service of Ukraine, according to which it provides services for refueling aircraft of airlines on the territory of Boryspil International Airport. Amic Avia Oil LLC carried out refueling services for the Company's customers airlines by December 15, 2020, and provided aircraft refueling services to third parties. CFI AMIC UKRAINE received a Certificate of Conformity from the State Aviation Service of Ukraine on December 3, 2020 and started to refuel airlines at Boryspil International Airport on its own from December 15, 2020.

Moreover, the Company owns 99.9% of the registered capital of Amic Aviation Ukraine LLC. Amic Aviation Ukraine LLC has a Certificate of Conformity of the State Aviation Service of Ukraine according to which it provides services for refueling aircraft of airlines at the International Airport "Kharkiv". Amic Aviation Ukraine LLC carried out refueling services with its own refueling machines for the Company's customers airlines, and provided aircraft refueling services to third parties by November 01, 2020. CFI AMIC UKRAINE received a Certificate of Conformity from the State Aviation Service of Ukraine on October 23, 2020, and started to refuel airlines' aircraft at International Airport "Kharkiv" on its own from November 01, 2020.

Subsidiaries have gained and successfully apply the experience of refueling aircraft of both domestic and foreign airlines.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Information on the book value of such investments is provided below:

	December 31, 2020	December 31, 2019
Amic Avia Oil LLC	7 250	12 805

During 2020:

- regarding the investment in Amic Avia Oil LLC, the equity income was recognized in the amount of UAH 207 thousand and impairment losses on financial investments in the amount of UAH 5 762 thousand;
- regarding the investment in Amic Aviation Ukraine LLC, no equity income or impairment losses of financial investments were recognized, as the value of the investment as at January 01, 2020 is 0.

11. Right-of-use assets

As of December 31, 2020 and December 31, 2019:

- "Right-of-use assets" were recognized and presented separately in the statement of financial position;
- Additional lease liabilities were recognized, which were included in "Other long-term liabilities" and "Current accounts payable for long-term liabilities".

In its economic activity, the Company acts as a lessee of passenger vehicles, 1 gas station, office premise, gas station area, including long-term lease agreements. Under IFRS 16 "Leases", the Company calculates and recognizes right-of-use assets, and lease liabilities (Note 20).

Information on changes in right-of-use assets for the year ended December 31, 2020 is as follows.

	Land	Buildings, facilities	Vehicles	Total
Historical cost:				
As at December 31, 2018	**502**	**22 505**	**3 548**	**26 555**
Additions	-	-	-	-
Disposals	-	-	(3 239)	(3 239)
As at December 31, 2019	**502**	**22 505**	**309**	**23 316**
Additions	-	-	-	-
Disposals	-	-	(309)	(309)
As at December 31, 2020	**502**	**22 505**	**-**	**23 007**
Accumulated depreciation				
As at December 31, 2018	**(167)**	**(3 761)**	**(596)**	**(4 524)**
Depreciation charges	(167)	(3 761)	(484)	**(4 412)**
Disposals	-	-	919	**919**
As at December 31, 2019	**(334)**	**(7 522)**	**(161)**	**(8 017)**
Depreciation charges	(168)	(3 760)	(148)	**(4 076)**
Disposals	-	-	309	**309**
As at December 31, 2020	**(502)**	**(11 282)**	**-**	**(11 784)**
Residual value:				
As at January 01, 2019	**335**	**18 744**	**2 952**	**22 031**
As at December 31, 2019	**168**	**14 983**	**148**	**15 299**
As at December 31, 2020	**-**	**11 223**	**-**	**11 223**

Expenses under lease agreements for 2020 are as follows:

	2020	2019
Interest expense, included in financial expenses	4 076	5 176
Accrued depreciation for the year	4 076	4 412
Short-term lease costs	5 593	5 681
The cost of low-cost rent	8 667	7 579
Variable payments under leases recognized as expense	25 591	30 094

Information on lease liabilities is disclosed in Note 20.

In respect of leases of state and communal land, the Company has applied the approach described below.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

The Company carefully analyzed the Agreements and concluded on the following. The rent is set as a percentage of the normative monetary valuation of the land plot (NMVL). The amount of rent for state-owned land plots is calculated considering their purpose, indexation coefficients and inflation indices defined by law. The range of applicable rates is determined by the Tax Code of Ukraine. Local authorities can choose any rate from the permitted range at their own discretion. The rate chosen for the calculation of rents is fixed in the relevant agreement with local authorities and can be changed not only due to market factors. NMVL may not always be the market value of land.

NMVL is subject to periodic revaluations by the state institutions. However, their data do not always correspond to market indicators, as, according to the law, the minimum renewal period for NMVL is 7-10 years for non-agricultural lands. In practice, the state institutions may not update NMVL for several years, even under the conditions of significant fluctuations in the land market.

NMVL is calculated using the norms of rental income, capitalization and profitability ratios set by the state institutions in the relevant methodologies. The frequency and significance of changes in these methodologies is up to the government institutions and may not always reflect real fluctuations in the land market.

Factoring in the aforesaid, land lease payments may rather be a mechanism by which state institutions achieve their goals in the budget, socio-economic status and regional development. Usually, it is the state institutions that have the authority to change the amount of rent payments. Moreover, cadastral data may not be updated often enough, data from state institutions may not be in line with market indicators, and even if NMVL is almost as the real market value of the land, the percentage of rent applied to NMVL may not always correspond with market ones. Accordingly, it is seen that such lease payments should be considered as variable payments that do not depend on an index or a rate, i.e. do not reflect changes in market rental rates.

As such, land lease payments are not variable depending on an index/a rate in view of IFRS 16 “Lease” requirements; therefore, such payment is subject to exclusion from the calculation of lease liabilities. A lease liability and/or a right-of-use asset are not subject to recognition, but the Company recognizes related contractual payments as part of operating expenses for the period to which they relate, according to the classification provided for in the Company's accounting policies.

12. Inventories

Information on the carrying amount of inventories is provided below:

	December 31, 2020	December 31, 2019
Goods in stock	447 518	504 258
Including		
Petroleum products at oil depots and storage warehouses	*185 096*	*279 699*
Petroleum products at the gas station	*188 444*	*162 986*
Non-fuel products in gas station stores	*73 978*	*61 573*
Production inventories	5 625	6 599
	453 143	**510 857**

In 2020, shortages of oil products in the amount of UAH 5 967 thousand and related products in the amount of UAH 6 723 thousand were written off (2019: shortages of oil products in the amount of UAH 11 378 thousand of oil products and UAH and UAH and UAH 5 171 thousand of related products were written off).

13. Accounts receivable for goods, works, services and other receivables

Information on the book value of receivables for goods, works, services and other receivables is as follows:

	December 31, 2020	December 31, 2019
Receivables for goods, works and services	50 350	119 723
Expected credit losses on receivables for goods, works and services	(157)	-
Other current receivables	11 379	5 817
Expected credit losses on other receivables	(4 750)	(4 750)
Total receivables for goods, works, services and other receivables	**56 822**	**120 790**

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Receivable for goods, works and services by maturity dates as of December 31, 2020, December 31, 2019 are as follows:

	December 31, 2020		
	Total cost	Expected credit losses	Expected credit loss ratio
Not outstanding	47 398	-	-
Delay payment up to 30 days	1 831	-	-
Delay payment 31-180 days	407	-	-
Delay payment 181-360 days	332	(157)	0.47
Delay payment over 1 year	382	-	-
TOTAL	**50 350**	**(157)**	**0.0031**

	December 31, 2019		
	Total cost	Expected credit losses	Expected credit loss ratio
Not outstanding	55 854	-	-
Delay payment up to 30 days	53 472	-	-
Delay payment 31-180 days	7 572	-	-
Delay payment 181-360 days	2 758	-	-
Delay payment over 1 year	67	-	-
TOTAL	**119 723**	**-**	**-**

Changes of the allowance for expected credit losses on receivables are as follows:

	Receivables for goods, works, services	Other receivables	Total
As at January 01, 2019	**520**	4 750	**5 270**
Loss from impairment of receivables	17	-	17
Receivables written off against the allowance	537	-	537
As at December 31, 2019	**-**	4 750	**4 750**
Loss from impairment of receivables	157	-	157
Receivables written off against the allowance	-	-	-
As at December 31, 2020	**157**	4 750	**4 907**

14. Accounts receivable on advances made

	December 31, 2020	December 31, 2019
Receivables on advances made for:		
Petroleum products	239 749	32 093
Services for purchase of petroleum products	23 969	13 584
Other	21 201	22 879
	284 919	**68 556**

15. Receivables from budget

	December 31, 2020	December 31, 2019
Receivables from budget:		
VAT	-	33 918
Income tax	304	304
	304	**34 222**

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

16. Cash and cash equivalents

As at December 31, 2020 and December 31, 2019 cash and cash equivalents included:

	December 31, 2020	December 31, 2019
Cash on hand	5 511	5 131
Cash in bank	233 732	144 383
Cash in transit	20 400	57 220
	259 643	**206 734**

Currencies of cash and cash equivalents are stated below:

	December 31, 2020	December 31, 2019
UAH	41 298	135 470
USD	207 343	70 131
EUR	11 002	1 133
	259 643	**206 734**

17. Other current assets

Information on the book value of other current assets is given below:

	December 31, 2020	December 31, 2019
VAT paid at customs — tax credit for the next period	466	22 695

18. Equity

Authorized capital

As of December 31, 2020 and December 31, 2019 the registered authorized capital of the Company amounted to UAH 51 931 thousand. The authorized capital is paid in full.

Information on the distribution of shares in the authorized capital is given below:

Participant	December 31, 2020		December 31, 2019	
	%	Amount	%	Amount
Participant	100,00%	51 931	100,00%	51 931

The Company neither accrued nor paid dividends in 2020-2019.

Additional capital

The Company has additional capital formed by recognizing loans from the company of AMIC ENERGY MANAGEMENT GmbH at fair value at the recognition date, subject to subsequent modifications to the terms of the agreement. The amount of additional capital so recognized as of December 31, 2020 is UAH 1 240 197 thousand (as at December 31, 2019: UAH 1 224 560 thousand). On November 25, 2020, an additional agreement was signed on loan 15/1 dated December 08, 2015, which deferred the repayment of the debt in the amount of USD 8 060 thousand by November 30, 2023. Thus a discount in the amount of UAH 15 637 thousand was accrued.

Accumulated loss

The amount of uncovered loss as at December 31, 2020 is UAH 8 537 930 thousand (as at December 31, 2019: UAH 6 907 909 thousand).

According to the Charter, the decision on the directions and procedure for the use of the Company's profit are made by the owner based on the results of the reporting year. The accumulated loss presented herein also includes the results of IFRS adjustments as of the date of first application.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

19. Interest-bearing loans and borrowings

As at December 31, 2020, interest-bearing loans and borrowings included:

	Currency	Rate 2019-2020	Maturity	December 31, 2020	December 31, 2019
Long-term					
Fixed interest rate					
AMIC Energy Management GmbH	USD	1,80%	20.12.2024	6 767 833	5 669 550
AMIC Energy Management GmbH	USD	1,80%	31.05.2022	2 864 217	2 399 412
AMIC Energy Management GmbH	USD	1,80%	30.11.2023	227 893	-
Less: current part of long-term interest loans and borrowings	USD		20.12.2024	(1 583 378)	(663 214)
Accrued discount	USD			(372 442)	(606 585)
				7 904 123	**6 799 163**
Current					
Fixed interest rate					
AMIC Energy Management GmbH	USD	1,80%	30.11.2020		190 911
Plus:					
Current part of loans	USD	1,80%	20.12.2024	1 583 378	663 214
Liabilities for accrued interest on loans and borrowings	USD			180 437	-
Accrued discount	USD			(126 763)	(4 159)
				1 637 052	**849 966**
Total liabilities on interest loans and borrowings				**9 541 175**	**7 649 129**

Due to the change in the interest rate on loan agreements from January 01, 2020, income from the modification of debt on loans and accrued interest was recognized directly in equity in 2020 in the amount of UAH 15 637 thousand, in 2019 – UAH 919 561 thousand.

On November 25, 2020, an additional agreement to the short-term loan agreement was signed, according to which the deadline for repayment of the loan was postponed until November 30, 2023. Due to this fact, the loan debt as of December 31, 2020 was recognized in the financial statements as non-current.

20. Lease liabilities

Lease liabilities are discounted cash flows under long-term leases. The Company has obligations to legal entities under lease agreements for passenger cars, 1 gas station, office space, gas station area.

	December 31, 2020	December 31, 2019
Lease liabilities	26 918	34 078
Less short-term lease liabilities	(7 811)	(7 171)
Long-term lease liabilities	**19 107**	**26 907**

In 2020, interest accrued on lease liabilities in the amount of UAH 4 076 thousand (2019: UAH 5 176 thousand) was recognized as a financial expense in the statement of comprehensive income (Note 32). Information on the maturities of contractual lease liabilities is disclosed in Note 37.

21. Trade payables

Current trade payables for goods, works, services as at December 31 are as follows:

	December 31, 2020	December 31, 2019
Settlements with domestic suppliers	70 738	92 705
Settlements with foreign suppliers	29 198	164 517
	99 936	**257 722**

Terms of purchase of goods and services and payment for purchases did not change during 2020-2019. Trade payables are interest-free and are usually repaid within 30 days.

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

22. Current accounts payable

Other current accounts payable for goods, works and services as at December 31, 2020 are as follows:

	December 31, 2020	December 31, 2019
Accounts payable on settlements with budget, including	9 449	4 739
Excise tax	1 707	1 408
Individual income tax	2 548	1 908
VAT	1 722	-
Other taxes	3 472	1 423
Accounts payable from insurance	3 196	2 675
Accounts payable from remuneration of labor	12 949	11 566
Accounts payable on advances received	84 884	96 101
	110 478	**115 081**

The item "Accounts payable for advances made" reflects liabilities on contracts with customers; the amount of such liabilities as of December 31, 2020 is UAH 84 844 thousand (as of December 31, 2019 – UAH 96 101 thousand). The Company's liabilities under contracts with customers are short-term; as such, all advances received on January 01, 2020 and January 01, 2019 were reflected in 2020 and 2019 revenue, respectively.

23. Current provisions

Current provisions as at December 31, 2020 consist of the following:

	December 31, 2020	December 31, 2019
Current provisions for vacation pay	30 870	24 186
Current provisions for annual premium	19 822	17 247
Current provisions for retirement benefits	3 326	2 507
Current provisions for staff redundancies	457	457
Current provisions for litigation	2 460	1 825
	56 935	**46 222**

24. Other current liabilities

Other current liabilities as at December 31 consist of:

	December 31, 2020	December 31, 2019
Short-term loans	-	186 752
Interest payable	180 437	-
Other	450	1 478
	180 887	**188 230**

Additional information about the loans received is in the Note 19.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

25. Changes in liabilities arising from financing activities

The following is information on monetary and non-monetary changes in liabilities arising from financial activities.

	Liabilities for short-term interest loans and borrowings	Liabilities for long-term interest loans and borrowings	Long-term part of obligations under lease agreements	Current part of long-term lease obligations	Total financial liabilities
January 01, 2019	**3 351 976**	**8 050 780**	**36 418**	**6 744**	**11 445 918**
Cash flows:					-
additions	-	-	-	-	-
repayment	-	-	-	(11 681)	(11 681))
Payment of interest	-	-	-	-	-
Non-cash transactions:					
Reclassification	(2 174 095)	2 208 587	(6 933)	6 933	**34 492**
Change in exchange rates	(474 710)	(1 062 154)	-	-	**(1 536 864)**
Accrued interest	46 917	102 689	-	5 176	**154 782**
Debt forgiveness	(326 354)	(1 551 636)	-	-	**(1 877 990)**
Accrual of discount	(346 063)	(1 251 978)	-	-	**(1 598 041)**
Write off of discount	-	678 480	-	-	**678 480**
Discount amortization	109 082	287 609	-	-	**396 691**
Return	-	-	(2 578)	-	**(2 578)**
December 31, 2019	**186 753**	**7 462 377**	**26 907**	**7 172**	**7 683 209**
Cash flows:					-
additions	-	-	-	-	-
repayment	-	-	-	(11 056)	**(11 056)**
Payment of interest	-	-	-	-	
Non-cash transactions:					
Reclassification	(231 378)	231 378	(7 800)	7 800	-
Change in exchange rates	36 538	1 460 923	-	-	**1 497 461**
Accrued interest	3 320	170 517	-	4 076	**177 913**
Debt forgiveness	-	-	-	(181)	**(181)**
Accrual of discount	-	(15 637)	-	-	**(15 637)**
Discount amortization	4 767	231 617	-	-	**236 384**
December 31, 2020	**-**	**9 541 175**	**19 107**	**7 811**	**9 568 093**

26. Deferred income

Deferred income includes a provision charged under “My AMIC” loyalty program. “My AMIC” loyalty program operates at all AMIC Energy gas stations throughout Ukraine, except for the temporarily occupied territories of Donetsk and Luhansk oblasts and the Autonomous Republic of Crimea, and a few gas stations listed under “My AMIC” loyalty program. The “My AMIC” loyalty card provides discounts on fuel.

Fuel discount

To get a loyalty card, it is enough to make a refueling for 10 liters and buy it for UAH 0.01 or buy it for UAH 15.00 without any purchase.

Fuel discount is provided under the following scale:

Accumulated liters for the current month	**Gasoline / Diesel fuel**	**Liquefied gas**
	UAH/l with VAT	**UAH/l with VAT**
from 0 to 29,99 l	1,50	0,10
from 30 to 59,99 l	2,00	0,30
from 60 l	3,00	0,50

Liters are accumulated during each calendar month. A participant accumulates liters refueled in total during the month on the individual account of the participant of the Loyalty Program "My AMIC", regardless of their number in each individual check.

Participants can increase their individual discount by accumulating refueled liters. For the participant there are 3 levels with the corresponding threshold of accumulation of liters and the size of the discount.

At the end of each calendar month, the system automatically checks the liters accumulated by the participant. The amount of the discount is fixed for the entire next calendar month.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Accumulated liters are reset to zero. From the 1st of the next calendar month, the accumulation of liters begins with 0.

The program of loyalty to petroleum products as currently worded began in December 2018.

Discounts on related products and goods

Due to changes in Loyalty Program terms at the end of 2019, the bonus reserve for related products and goods was written off. No discounts or bonuses on related products and goods were charged in 2020.

	Fuel discounts	Discounts for related products and goods	Total
Provision for loyalty as at December 31, 2018	**17 412**	**2 372**	**19 784**
Charged for the year 2019	9 498	904	10 402
Used	-	(322)	(322)
Provision written off due to the change of conditions	-	(2 954)	(2 954)
Provision for loyalty as at December 31, 2019	**26 910**	**-**	**26 910**
Charged for the year 2020	-	-	-
Used	(18)	-	(18)
Provision written off due to the change of conditions	-	-	-
Provision for loyalty as at December 31, 2019	**26 892**	**-**	**26 892**

27. Sales revenue

Sales revenue for the year ended December 31 included the following:

	2020	**2019**
Sale of goods	7 333 864	8 102 339
Loyalty program	(18)	(7 127)
Services provided	33 022	38 400
	7 366 868	**8 133 612**

Revenues from sales of goods can be represented as follows:

	2020	**2019**
Retail sale of petroleum products	5 602 966	5 886 984
Wholesale of aviation fuel and petroleum products	1 083 025	1 699 659
Retail sale of non-combustible goods	647 855	508 569
	7 333 846	**8 095 212**

The Company sells petroleum products:

- retail for cash and non-cash account (bank cards, permit forms, Amic cards, cards of other issuers);
- big batch (railway tanks);
- small batch (tank trucks) from their own oil depots and warehouses.

The Company sells aviation fuel to Ukrainian and international airlines, has a certificate of conformity of the State Aviation Service of Ukraine, according to which it provides services for aircraft fueling of airlines at the International Airport "Odessa". The Company received a certificate of compliance of the State Aviation Service of Ukraine on October 23, 2020 and since November 01, 2020 has started to provide aircraft fuelling and aircraft fuelling services for airlines at the International Airport "Kharkov". On December 03, 2020 the Company received the State Aviation Service of Ukraine Certificate of Conformity and since December 15, 2020 it has started providing aircraft fuelling and aircraft fuelling services for airlines at the International Airport “Boryspil”. Besides the Company sells aviation fuel in the airports IA Kiev, IA Lvov, IA Kherson, IA Chernivtsi, IA Vinnitsa, IA Nikolaev, where it buys refueling services from other companies of aviation fuel supplying subjects. Aviation fuel is sold both on prepayment and deferred payment terms.

Non-fuel products (food, non-food group and cafe group) are sold in retail in stores at gas stations.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

28. Cost of sales

Cost of sales for the year ended December 31 included:

	2020	2019
Retail sale of petroleum products	4 558 807	4 910 710
Wholesale of petroleum products and aviation fuel	1 000 464	1 595 828
Retail sale of non-fuel goods	479 692	369 986
	6 038 963	**6 876 524**

The item includes the cost related to the purchase of goods, import duty, excise duty due to the purchase of stocks, costs of transportation to the first place of storage.

29. Administrative expenses

Administrative expenses for the year ended 31 December, included:

	2020	2019
Wages and payroll	72 087	64 084
Provision	21 538	19 867
Depreciation charges	8 815	8 883
Audit and other professional services	6 497	10 712
IT services	5 471	3 714
Expenses under short-term and low-value lease agreements	4 290	4 522
Management costs	3 655	2 444
Other expenses	2 632	3 058
Utilities	2 527	3 058
Travel expenses	1 478	3 448
Banking services	390	468
Representation costs	255	752
	129 635	**125 010**

30. Distribution costs

Distribution costs for the year ended 31 December, included:

	2020	2019
Wages and payroll	340 137	303 050
Amortization	160 101	153 278
Transportation costs	106 399	100 362
Utilities	48 659	47 218
Fuel and materials	48 076	27 454
Taxes and duties	42 264	43 647
Technical servicing	41 968	36 062
Banking services	34 705	31 856
Provision	28 928	26 857
Aircraft refueling	21 810	37 154
IT services	15 293	11 732
Advertising	11 564	8 117
Security	11 476	8 949
Other expenses	11 249	9 238
Storage costs	11 130	19 758
Expenses under short-term and low-value lease agreements	9 970	8 738
Consulting and other services	7 177	10 794
Airport infrastructure services	2 804	3 718
Brand, licenses	1 498	1 381
Travel expenses	1 101	977
	956 309	**890 340**

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

31. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the year ended December 31, included:

	2020	2019
Other operating income		
Result from debts written off	2 879	71 626
Result from change of exchange rates	12 237	26 527
Rental income	19 990	25 829
Result from sale of property, plant and equipment	814	4 827
Other operating income	378	2 305
Result from sale of currency	-	1 526
	36 298	**132 640**
Other operating expenses		
Inventories written off	12 690	16 549
Other operating expenses	3 805	7 442
Fines and penalties	810	785
Result from sale of currency	2 191	-
	19 496	**24 776**

32. OTHER FINANCIAL INCOME AND EXPENSES

Financial income and expenses for the year ended 31 December included:

	2020	2019
Other financial income		
Interest income on cash balances on accounts	3 508	5 046
	3 508	**5 046**
Financial expenses		
Amortization of discount of long-term debt	236 384	396 691
Loan related financial expenses	173 837	149 606
Financial expenses for using leased property	4 076	5 176
	414 297	**551 473**

33. OTHER INCOME AND EXPENSES

Other income and expenses for the year ended 31 December included:

	2020	2019
Other income		
Forgiveness of accrued interest (Note 19)	-	1 877 990
The result of changes in exchange rates	-	1 536 864
Other income	22 340	18 233
Insurance indemnity	1 605	900
	23 945	**3 433 987**
Other expenses		
The result of changes in exchange rates	1 497 463	-
Residual value of non-current assets disposed of	487	190
	1 497 950	**190**

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

34. Income tax gain/(expenses)

The current corporate income tax rate in 2020 was approved by the Tax Code of Ukraine at 18%. Deferred tax assets and liabilities as at December 31, 2020 were measured at the tax rates that are expected to apply to the period when the temporary differences are expected to be realized.

The components of deferred tax assets and liabilities are presented as follows:

	December 31, 2020	Reported in net profit	December 31, 2019	Reported in net profit	January 01, 2019
Deferred tax assets					
Intangible assets	67	(219)	286	(113)	399
Deferred tax liabilities					
Property, plant and equipment	86 180	607	86 787	5 186	91 973
Net deferred tax liabilities	**86 113**	**388**	**86 501**	**5 073**	**91 574**

Income tax gains are stated as follows:

	2020	2019
Current income tax expenses	-	-
Deferred income tax	388	5 073
Income tax gain	**388**	**5 073**

The effective income tax rate differs from the statutory income tax rates. Reconciliation of income tax expenses based on the statutory rates with the actual one:

	2020	2019
Profit/(loss) before tax	(1 631 586)	3 240 362
Income tax/(loss) at the rate of 18%	(293 685)	583 265
Decrease (increase) of non-recognized tax losses	207 967	(747 295)
Expenses not included in gross ones	86 106	169 103
Income tax gain	**388**	**5 073**

Deferred tax assets not recognized in this separate financial statements:

	2020	Changes for the year	2019	Changes for the year	2018
Tax losses	776 881	207 967	568 914	(747 295)	1 262 506

35. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises joint control or has significant influence on the other party.

The following are amounts of related party debts and transactions with the related parties:

Revenues and expenses from transactions with related parties for 2020:

	Parent company	Subsidiaries	Other companies	Total
Purchases	574 305	6 030		580 335
Sales expenses	1 498	13 423		14 921
Finance costs	173 837	-	-	173 837
	749 640	**19 453**	**-**	**769 093**

Revenues and expenses from transactions with related parties for 2019:

	Parent company	Subsidiaries	Other companies	Total
Purchases	1 065 079	1 275		1 066 354
Sales expenses	1 381	22 819		24 200
Finance costs	-	-	149 606	149 606
	1 066 460	**24 094**	**149 606**	**1 240 160**

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Debt as at December 31, 2020:

	Parent company	Subsidiaries	Other companies	Total
Accounts receivable for products, goods, works, services	-	8 420	-	8 420
Accounts receivable for advances made	167 268	-	-	167 268
Other long-term liabilities on loan without discount	8 276 565	-	-	8 276 565
Other current receivables	-	5 000	-	5 000
Current accounts payable on:				
Long-term liabilities	1 583 378	-	-	1 583 378
Goods, works, services	1 943	3 189	-	5 132
Current accounts payable on advances received	-	-	-	-
Other current liabilities	180 437	-	-	180 437
	10 209 591	**16 609**	**-**	**10 226 200**

Debt as at December 31, 2019:

	Parent company	Subsidiaries	Other companies	Total
Accounts receivable for products, goods, works, services	-	52 006	-	52 006
Accounts receivable for advances made	7 405 748	-	-	7 405 748
Current accounts payable on:				
Long-term liabilities	663 214	-	-	663 214
Goods, works, services	31 525	2 640	-	34 165
Other current liabilities	190 911	-	-	190 911
	8 291 398	**54 646**	**-**	**8 346 044**

Loans received from related parties

As at December 31, 2020 and December 31, 2019, loans received by the Company from a related party AMIC ENERGY MANAGEMENT GmbH (Austria), are presented as follows:

Type	Interest rate 2019-2020	Currency	Maturity term	December 31, 2020	December 31, 2019
Long-term loan	1,80%	USD	20.12.2024	5 184 455	5 006 336
Long-term loan	1,80%	USD	31.05.2022	2 864 217	2 399 412
Short-term debt on long-term loan	1,80%	USD	20.12.2024	1 583 378	663 214
Long-term loan	1,80%	USD	30.11.2023	227 893	-
Short-term loan	1,80%	USD	30.11. 2019	-	190 911
Interest payable				180 437	-
Total loans from related parties				**10 040 380**	**8 259 873**

Included in equity (Note 18) are additional capital receipts from the Group's companies related to the loans.

Transactions with key management personnel

The key management personnel includes those, who have the authority and responsibility for planning, management and control of the Company's activities.

For the year ended December 31, 2020, key management personnel comprised of 10 persons (2019: 10 persons) received the following remunerations:

	2020	2019
Short-term employee benefits		
Salary and bonuses	**30 994**	**27 947**

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

36. Contingent and other obligations

Tax and legal issues

Ukrainian tax laws and transactions evolve with the transition to a market economy. Laws and regulations adopted are not always clear and their interpretation depends on the views of local, regional and central authorities and other state bodies. Often the views of different bodies on a particular issue differ. Management believes that the Company complied with all regulations, and all statutory taxes were accrued and paid. In cases where the procedure for accrual of tax liabilities was not clear enough, the Company accrued tax liabilities based on Management estimates.

Litigation

During its ordinary business activities, the Company is a party to several litigation and disputes. Management believes that the final liabilities that may arise from these litigation or disputes will not have a material impact on the Company's financial position or performance.

Investment obligations

As at December 31, 2020 and December 31, 2019, the Company had no investment obligations to buy new equipment.

Insurance

The Company's insurance program is intended to cover most of the risks inherent in the Company's operations, without any significant gaps in such coverage. The main operational risks of the Company are covered by policies for indemnity and civil liability.

Environmental issues

Environmental legislation continues to evolve in Ukraine. The Company periodically assesses its obligations under environmental legislation. Contingencies that may arise as a result of changes in statutes in place, civil litigations or legislative changes cannot be estimated, but their impact may be significant. In the current situation with the enforcement of existing legislation, Management believes that the Company has met all state environmental requirements. Accordingly, the Company has no significant environmental obligations.

37. Financial risk management and capital management

Main categories of financial instruments

The main financial instruments of the Company are trade and other current receivables, cash and cash equivalents, trade payables, accrued liabilities and other accounts payable, bank loans. The main purpose of these financial instruments is to obtain financing for the operating activities of the Company.

Financial instruments by valuation categories as at December 31, 2020, December 31, 2019 are presented as follows:

	December 31, 2020	December 31, 2019
Financial assets		
At amortized cost:		
Long-term receivables	3 053	4 445
Cash and cash equivalents	259 643	206 734
Accounts receivable for products, goods, works, services	50 193	119 723
Other receivables	6 629	1 067
	319 518	**331 969**
Financial liabilities		
Financial liabilities at amortized cost		
Long-term liabilities under loan agreements	7 904 123	6 799 163
Long-term liabilities under lease agreements	19 107	26 907
Current debt on long-term liabilities	1 464 426	670 385
Current debt on loans	180 437	186 752
Current accounts payable for goods, works, services	99 936	257 722
Other current liabilities	450	1 478
	9 668 479	**7 942 407**

The main risks that arise when using the Company’s financial instruments are credit risk, interest rate change risk, currency change risk and liquidity risk.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

Credit risk

The main financial assets of the Company are cash and receivables. Cash is valued with minimal credit risk since it is placed in banks with high ranking.

The maximum credit risk as at December 31, 2020 and December 31, 2019 is presented as follows:

	December 31, 2020	December 31, 2019
Long-term receivables	3 053	4 445
Cash and cash equivalents, net cash on hand	254 132	201 603
Accounts receivable for products, goods, works, services	50 193	119 723
Other receivables	6 629	1 067
Total financial assets	**314 007**	**326 838**

The Company structures the levels of credit risk that it takes, setting limits on the amount of risk taken against one or a group of customers. Limits at the level of credit risk by type of client are regularly approved by the Company's management.

Interest rate risk

Changes in interest rates mainly affect loans and borrowings, varying either their fair value (loans at fixed interest rates) or future cash flows (loans at floating interest rates).

The Company's policy on interest rate risk management is to obtain loans at both fixed and variable interest rates. When receiving new loans or borrowings, Management decides based on what interest rate — fixed or variable — in its opinion, will be more favorable to the Company during the expected period before debt maturity.

The Company is exposed to interest rate risk on loans with variable interest rates. In the event of an increase in the interest rate on such loans by 100 basis points as of December 31, 2020 and 2019, interest expenses would increase by UAH 96 576 thousand and UAH 82 265 thousand, respectively. Reducing the interest rate by 100 basis points would reduce interest expenses by the same amounts.

Currency risk

The Company is exposed to the currency risk on purchases, balances on bank accounts and loans denominated in foreign currencies. The currency causing this risk is, basically, the US dollar. According to Ukrainian legislation, the Company's ability to hedge currency risk is limited; as such, the Company does not hedge its currency risk.

The carrying amount of the Company's monetary assets and liabilities denominated in foreign currencies as at December 31, 2020, December 31, 2019 is presented in national currency as follows:

	December 31,2020		December 31,2019	
Assets	USD	EUR	USD	EUR
Cash and cash equivalents	207 343	11 002	70 131	1 133
Trade receivables	1 977	-	9 337	186
Total assets	**209 320**	**11 002**	**79 468**	**1 319**
Liabilities				
Long-term liabilities under loan agreement	(7 904 123)	-	(6 799 163)	-
Short-term loans	(1 637 052)	-	(849 965)	-
Accounts payable for goods, works, services	(26 823)	(2 374)	(131 732)	(32 364)
Total liabilities	**(9 567 998)**	**(2 374)**	**(7 780 860)**	**(32 364)**
Net position	**(9 358 678)**	**8 628**	**(7 701 392)**	**(31 045)**

The level of sensitivity is an assessment by Management of possible changes in exchange rates.

This sensitivity analysis includes only outstanding balances of monetary assets denominated in foreign currencies and calculates the effect of their translation into the presentation currency at the end of the period, considering +10% growth in exchange rates.

The table below presents the Company's sensitivity to the weakening of the Ukrainian hryvnia against the US dollar and the Euro.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

	USD	EUR
Profit/(loss) as at December 31, 2019, UAH	(770 139)	(3 105)
Profit/(loss) as at December 31, 2020, UAH	(935 868)	863

In the case of strengthening of the hryvnia to foreign currencies, the impact on profit/loss will be the same, but with a different sign.

Liquidity risk

This is the risk that the Company will not be able to pay off its obligations as they arise. The liquidity position of the Company is carefully monitored and managed. The Company uses the detailed budgeting and cash flow forecasts to ensure that adequate means are available to meet its payment obligations. Most of the Company's expenses are variable and depend on the volume of finished products sold.

The following are the financial liabilities of the Company as at December 31, 2020 by maturity on the basis of contractual amounts of payments:

	Cash flows according to concluded contracts				
	Up to 3 months	**Up to 6 months**	**Up to 12 months**	**More than a year**	**TOTAL**
Interest loans and borrowings	2 006 107	242 785	573 816	7 878 181	10 700 889
Trade and other payables	99 936	-	-	-	99 936
Current accounts payable for goods, works, services	449	-	-	-	449
Liabilities under lease agreements	2 768	2 768	5 536	21 136	32 208
	2 109 260	**245 553**	**579 352**	**7 899 317**	**10 833 482**

The following are the financial liabilities of the Company as at December 31, 2019 by maturity on the basis of contractual amounts of payments:

	Cash flows according to concluded contracts				
	Up to 3 months	**Up to 6 months**	**Up to 12 months**	**More than a year**	**TOTAL**
Interest loans and borrowings	202 871	202 871	592 609	7 872 098	8 870 449
Current accounts payable for goods, works, services	257 722	-	-	-	257 722
Other current liabilities	1 478	-	-	-	1 478
Liabilities under lease agreements	2 812	2 812	5 624	32 566	43 814
	464 883	**205 683**	**598 233**	**7 904 664**	**9 173 463**

Capital management

The Company manages its capital to ensure the Company's business as a going concern and simultaneously maximize shareholders' profits by optimizing the debt to equity ratio. The Company's management regularly reviews its capital structure. Based on the results of such a review, the Company takes steps to balance the overall capital structure by obtaining new loans or repaying existing debt.

The Company's management manages its capital to ensure continuous operations of the Company and the Company's management monitors the capital structure by controlling the debt to equity ratio as shown below:

	December 31, 2020	**December 31, 2019**
Total liabilities	10 700 889	8 217 121
Less cash and cash equivalents	(259 643)	(206 734)
Net debt	10 441 246	8 010 387
Total equity	**(7 245 802)**	**(5 631 418)**

ПІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

(in thousands of UAH)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents a hierarchy of the fair value measurement of the Company's assets and liabilities:

December 31, 2020	In the statement of financial position	Level 1	Level 2	Level 3	TOTAL
Financial assets whose fair value is stated					
Long-term receivables	3 053	-	-	3 053	3 053
Cash and cash equivalents	259 643	-	259 643	-	259 643
Accounts receivable for products, goods, works, services	50 193	-	-	50 193	50 193
Other receivables	6 629	-	-	6 629	6 629
	319 518	**-**	**259 643**	**59 875**	**319 518**
Financial liabilities whose fair value is stated					
Loan related long-term liabilities	7 904 123		7 904 123		7 904 123
Current debt on long-term liabilities	1 464 426	-	1 464 426	-	1 464 426
Current debt on loans	180 437		180 437		180 437
Current accounts payable for goods, works, services	99 936	-	-	99 936	99 936
Other current liabilities	450	-	-	450	450
	9 649 372	**-**	**9 548 986**	**100 386**	**9 649 372**

December 31, 2019	In the statement of financial position	Level 1	Level 2	Level 3	TOTAL
Financial assets whose fair value is stated					
Long-term receivables	4 445	-	4 445	-	4 445
Cash and cash equivalents	206 734	-	206 734	-	206 734
Accounts receivable for products, goods, works, services	119 723	-	119 723	-	119 723
Other receivables	1 067	-	1 067	-	1 067
	331 969	**-**	**331 969**	**-**	**331 969**
Financial liabilities whose fair value is stated					
Loan related long-term liabilities	6 799 163	-	6 799 163	-	6 799 163
Current debt on long-term liabilities	663 214	-	663 214	-	663 214
Current debt on loans	186 752	-	186 752	-	186 752
Current accounts payable for goods, works, services	257 722	-	257 722	-	257 722
Other current liabilities	1 478	-	1 478	-	1 478
	7 908 329	**-**	**7 908 329**	**-**	**7 908 329**

In 2020 and 2019, there were no reclassifications between Levels 1, 2 and 3 of the fair value hierarchy.

Financial assets whose fair value is disclosed

Cash and cash equivalents are carried at amortized cost, which is approximately equal to their current fair value.

The estimated fair value of fixed interest rate instruments is based on the method of discounting expected future cash flows, applying effective interest rates in the loan market for new instruments that provide the same credit risk and the same maturity. Discount rates depend on the credit risk of the buyer. The carrying amount of trade receivables is equal to their fair value.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua

Financial liabilities whose fair value is disclosed

Fair value is estimated on the basis of market quotations, if any. The estimated fair value of fixed interest rate instruments with a fixed maturity that do not have a market quotation is based on discounting the estimated cash flows using interest rates for new instruments with the same level of credit risk and a specific maturity date. The carrying amount of financial liabilities is equal to their fair value.

39. EVENTS AFTER THE REPORTING DATE

In the first months of 2020, the coronavirus (COVID-19) spread around the world and its negative impact intensified.

According to the Company's management, this outbreak is related to events after the reporting period and does not require an adjustment to the financial statements for the period ending December 31, 2020. Although the situation is still developing as of the date of these financial statements, till now there has been no discernible impact of the coronavirus (COVID-19) on the Company's going concern, namely the Company's sales operations or supply chain. Due to the specifics of its work, the Company does not have a significant decrease in sales. The Company experienced significant decrease in sales of aviation fuel due to the restriction of air services. Retail fuel sales through the filling stations network in Q1 2021 decreased by 0.21% as compared to Q1 2020 by 3.2% as compared to the planned indicators.

The Company has supported all initiatives of the Ukrainian government to minimize the spread of coronavirus (COVID-19) among employees and customers and has taken measures to protect employees (business trips are cancelled, remote work for office workers is organized, employee transportation is organized during quarantine, their health status is monitored, disinfection of production and office premises is increased).

However, the impact of this situation on the Company in the future cannot be predicted. The Company will continue to closely monitor the potential impact of these events and will take all possible measures to reduce the possible consequences.

ПІІ АМІК Україна
Верхній Вал 68, Київ 04071, Україна
Тел.: 0038 (044) 593 93 00 Факс: 0038 (044) 501 05 48
Email: office@amicenergy.com.ua