JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

Separate Financial Statements, Management Report
and Independent Auditor's Report
For the Year Ended 31 December 2021

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

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JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AND SEPARATE MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of JSC Wissol Petroleum Georgia (the "Company") as of 31 December 2021, and the results of its operations, changes in equity and cash flows for the year then ended, in compliance with International Financial Reporting Standards ("IFRS"). Management is also responsible for the preparation of the separate management report in accordance with the Law of Georgia on Accounting, Reporting and Auditing.

In preparing the separate financial statements and separate management report, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- Making an assessment of the Company's ability to continue as a going concern;
- Disclosing the information in the separate management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparation of the separate management report in consistent with the separate financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the separate financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud and other irregularities.

The separate financial statements and separate management report of the Company for the year ended 31 December 2021 were approved by the Management on 29 September 2022.

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022
Tbilisi

Giorgi Tsimakuridze
Financial Director
29 September 2022
Tbilisi

Deloitte & Touche LLC
Tax ID: 204422240
King David Business Center, 15th floor
12 Merab Aleksidze Street
Tbilisi, 0171, Georgia

Tel: +995 (32) 224 45 66
Fax: +995 (32) 224 45 69
deloitte.ge

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of JSC Wissol Petroleum Georgia:

Opinion

We have audited the separate financial statements of JSC Wissol Petroleum Georgia (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of profit or loss and comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes 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 separate financial position of the Company as at 31 December 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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* (the "IESBA Code"), 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.

Emphasis of Matter

We draw your attention to Note 5 to the separate financial statements, which describes that the Company also prepares consolidated financial statements of the Company and its subsidiaries (hereinafter referred as the "Group"). The separate financial statements should be read in conjunction with the consolidated financial statements, which were approved by the management on 29 September 2022. Our opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the separate Management Report prepared in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing ("The Law").

Our opinion on the separate financial statements does not cover the separate Management Report.

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. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Deloitte.

- 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the separate management report in accordance with the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the separate Management Report that is free from material misstatement, whether due to fraud or error.

We performed procedures with respect to whether the separate Management Report is prepared in accordance with the requirements of the Law and includes the information required by the Law.

We have selected and performed procedures based on our judgment, including but not limited to inquiries, analysis and review of documentation, comparison of the Company's policies, procedures, methodologies and reported information with the requirements of the Law, as well as recalculations, comparisons and reconciliations of numeric values and other information.

In our opinion:

- The separate management report for the year ended 31 December 2021 is prepared in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing;
- The separate management report for the year ended 31 December 2021 includes the information required by the Law of Georgia on Accounting, Reporting and Auditing;
- The information provided in the separate management report is consistent, in all material respects, with the separate financial statements for the year ended 31 December 2021.

Shota Nanitashvili
On behalf of Deloitte & Touche LLC

Deloitte & Touche

29 September 2022
Tbilisi, Georgia

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	6	514,525	342,361
Cost of sales	7	(467,198)	(296,730)
Gross profit		47,327	45,631
Selling and distribution costs	8	(25,740)	(24,336)
General and administrative expenses	9	(17,856)	(18,419)
Other income	10	17,809	33,751
Impairment losses on financial assets		(5,656)	(4,644)
Other operating (expenses)/income		(949)	377
Foreign exchange gain/(loss), net		1,732	(17,335)
Finance expense		(10,015)	(11,563)
Finance income		145	12
Profit before income tax		6,797	3,474
Income tax expense		-	-
TOTAL PROFIT FOR THE YEAR		**6,797**	**3,474**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**6,797**	**3,474**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

SEPARATE STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	Notes	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	11	119,283	123,153
Investment property	12	20,852	11,322
Right of use asset	13	11,011	14,338
Investments in subsidiaries	14	24,544	23,276
Investments in associates	14	620	620
Loans disbursed	24	1,918	1,131
Other assets		1,487	1,516
Total non-current assets		179,715	175,356
CURRENT ASSETS:			
Inventory	15	38,694	41,096
Trade and other accounts receivable	16	12,635	11,000
Prepayments to suppliers		1,670	951
Loans disbursed		1,003	-
Taxes recoverable and prepaid		-	1,361
Cash and cash equivalents	17	2,467	1,085
Total current assets		56,469	55,493
TOTAL ASSETS		**236,184**	**230,849**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital	18	22,692	24,272
Property revaluation reserve		59,843	59,843
Accumulated losses		(3,189)	(9,986)
TOTAL SHAREHOLDERS' EQUITY		**79,346**	**74,129**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

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JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

SEPARATE STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021 (CONTINUED)
(In thousands of Georgian Lari unless otherwise indicated)

	Notes	31 December 2021	31 December 2020
NON-CURRENT LIABILITIES:			
Loans and borrowings	19	17,095	1,841
Other lease liability	13	14,485	18,509
Finance lease liability	20	3,968	4,099
Deferred revenue		1,420	1,544
Total non-current liabilities		36,968	25,993
CURRENT LIABILITIES:			
Loans and borrowings	19	59,429	81,701
Trade and other accounts payable	21	33,423	27,343
Other lease liability	13	1,927	2,397
Finance lease liability	20	500	500
Advances received	22	22,735	15,125
Deferred revenue		120	120
Tax liabilities		1,518	-
Other current liabilities		218	3,541
Total current liabilities		119,870	130,727
TOTAL LIABILITIES		**156,838**	**156,720**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**236,184**	**230,849**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

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SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Share capital	Property revaluation reserve	Accumulated losses	Total
Balance at 1 January 2020		**24,272**	**59,843**	**(13,460)**	**70,655**
Total comprehensive income		-	-	3,474	3,474
Balance at 31 December 2020		**24,272**	**59,843**	**(9,986)**	**74,129**
Total comprehensive income		-	-	6,797	6,797
Own shares acquired in the year	18	(1,580)	-	-	(1,580)
Balance at 31 December 2021		**22,692**	**59,843**	**(3,189)**	**79,346**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		6,797	3,474
Adjustments for:			
Depreciation and amortization expense	8	6,176	7,360
Impairment losses on financial assets		5,656	4,644
Gain on rent concessions	10	(315)	(661)
Gain on lease modifications and derecognition of lease liabilities	10	(281)	(654)
Gain on disposal of property, plant, and equipment and investment property, net	10	(9,253)	(6,032)
Foreign exchange (gain)/loss, net		(1,732)	17,335
Finance income		(145)	(12)
Gain on exemption of loan repayment	10	-	(19,870)
Finance cost		10,015	11,563
Cash inflow from operating activities before changes in operating assets and liabilities		16,918	17,147
(Increase)/decrease in trade and other receivables		(5,044)	1,106
Increase in prepayments to suppliers		(718)	(63)
Decrease in inventory		2,402	10,347
Increase in tax liabilities, net		2,880	450
Increase/(decrease) in trade and other payables		6,569	(1,873)
Increase in advances received		7,610	162
Decrease in deferred revenue		(120)	(120)
(Decrease)/increase in other current liabilities		(3,340)	2,987
Cash generated from operations		27,157	30,143
Interest paid		(9,978)	(7,872)
Net cash inflow from operating activities		**17,179**	**22,271**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash disbursed for loans		(4,035)	(3,949)
Purchase of property, plant and equipment		(9,395)	(6,508)
Interest received		145	12
Proceeds from disposal of property, plant and equipment		8,575	16,226
Purchases of other assets		(285)	-
Decrease in charter capital of investment in subsidiary		1,260	1,260
Additional contribution to subsidiary's equity		(2,528)	-
Net cash (outflow for)/inflow from investing activities		**(6,263)**	**7,041**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	127,619	111,120
Repayment of borrowings	19	(133,452)	(138,612)
Payment from purchase of own shares		(1,580)	-
Repayment of principal of finance leases		(1,444)	(1,277)
Net cash outflow from financing activities		**(8,857)**	**(28,769)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,059	543
Effect of foreign exchange rate changes on cash and cash equivalents		(677)	(1,133)
CASH AND CASH EQUIVALENTS, at beginning of the period		1,085	1,675
CASH AND CASH EQUIVALENTS, at end of the period		2,467	1,085

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

(In thousands of Georgian Lari unless otherwise indicated)

1. GENERAL INFORMATION

JSC Wissol Petroleum Georgia (the "Company") is a closed joint stock company, which was established in Georgia in 2000 as Canargo Standard Oil Products LLC with the objective to create a premier chain of branded petrol stations with convenience stores and car wash centers in Georgia.

As at the end of 2021 the Company operated 120 stations: 117 petrol stations (77 own, 39 rented and 1 rented from a subsidiary), out of which 10 are combined petrol and gas stations and 3 standalone gas stations (2 own, 1 rented). The Company operates in both retail and wholesale sector. The Company is the parent company of the following subsidiaries and associates:

Name	Country of operation	The Company ownership interest 2021	2020	Type of operation
Wissol Auto Express LLC (ID: 404878806)	Georgia	100%	100%	Auto consumables
Wissol-Kochebi LLC (ID: 205256104)	Georgia	100%	100%	Rugby team (Dormant)
Ertoba 2018 LLC (ID: 405255753)	Georgia	100%	100%	Loans and receivables from related parties
LLC Canargo Standard Oil Products-Chugureti (ID: 202200000)	Georgia	51%	51%	Dormant petrol station
Wissol Petroleum Georgia Vake LLC (ID: 204986701)	Georgia	50%	50%	Operating petrol station
Jachvis Khidi LLC (ID: 212670830)	Georgia	40%	40%	Operating petrol station
Wissol Group LLC (ID: 404977085)	Georgia	33.5%	33.5%	Advertising service

As at 31 December 2021 and 2020, the Company's owners and their respective percentage of direct interests were as follows:

Principal shareholders	Share of ownership	Ultimate controlling parties
Helvetsia Petroleum Holding B.V.	25.00%	George Ramishvili – 62% Alex Topuria – 28.5% David Borger – 9.5%
Global Investors Limited	61.96%	Samson Pkhakadze – 50% Levan Pkhakadze – 50%
Standard Oil Holding LLC	10.86%	Nugzar Abramishvili – 76% Levan Pkhakadze – 24%
Levan Pkhakadze	2.18%	
	100.00%	

As at 31 December 2021 and 2020 effective ownership shares in the Company held by the ultimate controlling parties were as follows:

Ultimate controlling parties	Share of ownership
Levan Pkhakadze	35.77%
Samson Pkhakadze	30.98%
George Ramishvili	15.50%
Nugzar Abramishvili	8.25%
Alex Topuria	7.12%
David Borger	2.38%
Total	**100.00%**

Effective voting rights of owners did not differ from their effective ownership rights.

2. GOING CONCERN

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In making this judgement, Management considered the Company's financial position, current intentions, profitability of operations and access to financial resources and analyzed the impact of the situation in the financial markets on the operations of the Company.

As at 31 December 2021, Company's current liabilities GEL 119,870 thousand exceeded its current assets GEL 56,469 thousand by GEL 63,401 thousand. As at 31 December 2020, Company's current liabilities GEL 130,727 thousand exceeded its current assets GEL 55,493 thousand by GEL 75,234 thousand.

Management of the Company believes that preparation of the accompanying separate financial statements on the going concern basis is appropriate because of the following:

- Subsequent to the reporting date management managed to extend maturity dates for the significant part of the loan portfolio, amounting GEL 38,331 thousand, which significantly improved liquidity gap of the Company in the moment of prolongation;
- The Company received support letter from its ultimate owners. The letter express commitment to finance contractual obligations of JSC Wissol Petroleum Georgia, if such necessity arises and if funds attracted from third parties are not sufficient to cover the Company's operations and liabilities, to ensure that the Company remains a going concern for a duration up to at least 12 months from issuance of the separate financial statements if such need arises.
- The management will continue concentrating on its core activities, they may in the future identify potential buyers to dispose certain non-core assets. The funds raised will be used for increasing efficiency of Company's core business, by investing in self-service petrol stations, upgrading petrol truck fleet and petrol terminals, covering finance liabilities to minimize interest costs and deleveraging its operations. Management plans to finalize sale of some of the non-core assets during 2022;
- The Company has initiated and is executing its optimisation of distribution and administrative costs, by piloting several self-service petrol stations and smart supermarket-linked stations. Management believes, that the initiative should allow the Company to lower its direct expenses on petrol stations and lead to increased retail sales.

These separate financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the classification of liabilities that might be necessary should the Company unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2021 following new and revised standards have been adopted:

- ***Interest Rate Benchmark Reform*** — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The International Accounting Standards Board (IASB) has published 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

As a result of the Phase 2 amendments:

When the contractual terms of the Company's bank borrowings are amended to implement interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Company changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Company remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior period.

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

The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The above standards and interpretations were reviewed by the Company's management, but did not have a significant effect on the separate financial statements of the Company.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these separate financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 Insurance contracts	1 January 2023
Amendments to IAS 1 "Classification of Liabilities as Short-Term or Long-Term" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Revenue Before Intended Use	1 January 2022
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - "Loss-making Contracts - Completion Value"	1 January 2022
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases	1 January 2022
Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined by the IASB

The Company does not expect that the adoption of the Standards listed above will have a material impact on the separate financial statements of the Company in future periods.

4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance – These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation – The separate financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated. The separate financial statements have been prepared under the historical cost convention, except for the measurement of certain classes of property, plant and equipment and investment property at revalued amounts according to International Accounting Standard ("IAS") 16 "Property, Plant and Equipment", "IAS 40 "Investment Property".

The Company has prepared consolidated financial statements, on the same basis as presented here a copy of which can be found at the Company's office at 74b Chavchavadze Avenue, 0162, Tbilisi, Georgia.

In addition to issuing consolidated financial statements, the Company has elected, as permitted under IAS 27 "Consolidated and Separate Financial Statements" and local law, to present standalone financial statements. These separate financial statements are presented for the purpose of assessing the Company's separate financial position and the financial results and as a result do not include the consolidation of the Company's subsidiaries and associates.

Investments in the Company's subsidiaries are accounted at cost less impairment.

The principal accounting policies are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The separate financial statements must be viewed in conjunction with the consolidated financial statements of JSC Wissol Petroleum Georgia, which were approved by the Board of Directors and authorized for issue on 29 September 2022.

Investments in subsidiaries and associates – a subsidiary is an entity over which the Company has a control. A control is when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Investments in subsidiaries and associates are accounted at cost in these separate financial statements. Dividends received from a subsidiary or an associate are recognized in profit or loss when the right to receive the dividend is established.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in a subsidiary or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition – Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been pumped to the customer's vehicle or left the warehouse for wholesale process.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company recognizes performance obligation for all of the following offerings at a point in time, The Company has only one performance obligation for each offering.

Revenue is recognised net of value added tax. Revenues are measured at the fair value of the consideration received or receivable. Based on the sales terms revenue figure is further decreased with value or volume discounts and rebates offered to customers.

Dividend and interest income - Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income - The Company's policy for recognition of revenue from operating leases is described below.
Leasing – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

(In thousands of Georgian Lari unless otherwise indicated)

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies – The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Georgian Lari ("GEL"). Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. All realized and unrealized gains and losses arising on exchange differences are included in the statement of profit or loss and other comprehensive income for the period.

These financial statements are presented in GEL, which is also the Company's presentation currency.

Rates of exchange – The exchange rates at the year-end used by the Company in the preparation of the separate financial statements are as follows:

	31 December 2021	**31 December 2020**
USD/GEL	3.0976	3.2766
EUR/GEL	3.5040	4.0233

Short-term and other long-term employee benefits - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Starting from 1 January, 2019 the Company has a legal obligation to make pension amounting to 2% of employee's gross salaries and benefits, which is paid in state pension fund.

Income tax – Income tax expense represents the tax currently payable.

Current tax- In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The changed model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the Company's profit before tax, regardless of the retention or distribution status.

The new profit tax rules are effective as of 1 January 2017, which applies to the Company and the tax base comprise both actual and deemed profit distributions, including the following:

- Distributed profits;
- Expenses incurred or other payments not related to economic activities;
- Gratuitous supplies of goods/services and/or transfers of funds; and
- Representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognized as an expense at the moment dividends are declared and recorded under "income tax" in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities.

Tax imposed on the areas other than distributed profits as described above is recorded under "Taxes and duties" in the statement of profit and loss.

As a result of this legislation, the Company ceased recognising income tax expense when profits are earned and will only incur income tax charges in the event of a distribution of profits.

All deferred tax balances were released and recognized in the statement of profit and loss for the period ended 31 December 2016.

Value added tax - Output value added tax related to sales is payable to tax authorities upon delivery of the goods to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Starting from 31 December 2015, the Management presents the Company's tax balances on net basis, based on the order 407 issued by the Minister of Finance of Georgia dated to 7 December 2015.

Property, plant and equipment – Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the separate statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is not transferred to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the declining method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of the Company's of property, plant and equipment are as follows:

Categories of property, plant and equipment	Years
Buildings	7-20
Machinery and equipment	5-7
Vehicles	5
Office equipment	5
Other fixed assets	5-20

Freehold land is not depreciated.

Vehicles, equipment and other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss

arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

***Intangible assets acquired separately* -** Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

***Investment property* -** Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period.

Market value of the Company's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Earned rental income is recorded in profit or loss for the year within other operating income. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Impairment of assets – At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been

determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories – Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis (in bases) and on an individual basis (for petrol stations). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Prepayments - Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

Other prepayments are written off to profit or loss when the goods or services relating to The prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets and liabilities – Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the statement of financial position but are disclosed in the separate financial statements when an inflow of economic benefits is probable.

Financial instruments – Financial assets and financial liabilities are recognised in the Company's statement of financial position when a Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets – All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C).

The effective interest method – The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Cash and cash equivalents – Cash and cash equivalents include petty cash, cash with banks, cash in transit, deposits and marketable securities with original maturity of less than three months.

Restricted cash - Restricted cash represents a guarantee deposits held as a collateral with Georgian Banks for loans given to related parties of the Company.

Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and loans disbursed to different counterparties) are measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets - The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Impairment of financial assets – The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The management have concluded that it would require cost and effort to determine the credit risk of each loans and receivables on their respective dates of initial recognition. The Company defined full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3). Issued loans and receivables are allocated to stage 2.

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

For individually assessed loans and receivables the Company estimates the provision amount based on the past experience with the customer, financial condition for the year end and repayment track subsequent to the year. In case the exposure of certain counterparty is not provisioned on individual basis or ECL determined with collective assessment is more than individually assessed, the Company uses collective assessment for such exposures.

The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

Financial liabilities – Financial liabilities of the Company, represented with loans and borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Classification of financial liabilities - Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Derecognition of financial liabilities - A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity – Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Share capital – Share capital is recognized at the fair value of the contributions received by the Company.

Dividends − Dividends are recognized in shareholders' equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event and disclosed accordingly.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

Advances received – Advances received comprise of cash received in advance for fuel and other advances received. All amounts received in advance are not recorded as revenue until related products have been delivered or services have been provided to customers.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Tax legislation and accounting for provisions

Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest. The Company believes that it has already made all tax payments, and therefore no allowance has been made in the separate financial statements. Tax years remain open to review by the tax authorities for three years.

Revaluation of property, plant and equipment and investment property

(In thousands of Georgian Lari unless otherwise indicated)

Certain groups of property, plant and equipment (land and buildings) are measured at revalued amounts, while investment property is carried at fair value. The date of the latest appraisal was 31 December 2019. The valuation was performed by an independent professional valuation firm. The management worked closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model to ensure they are reasonable and reflect the accurate data. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The management uses market available data to analyse the significance of the changes in fair values. The management concluded that as at 31 December 2021 the fair value of lands and buildings and investment property did not change significantly, thus revaluations were not necessary for such items.

6. REVENUE

During the years ended 31 December 2021 and 2020, revenue was as follows:

	2021	2020
Revenue from sales of fuel	456,107	332,378
Revenue from sales of gas	9,888	9,643
Other revenue	48,530	340
Total	**514,525**	**342,361**

During 2021, Rompetrol Georgia LLC had difficulties in importing petrol in Georgia. Wissol Petroleum Georgia imported and sold petrol to Rompetrol Georgia LLC. Total revenue generated from these sale transactions amounted to GEL 47.9 mln, which is included in Other Revenue. Cost of sale of these transactions amounted to GEL 46.9 mln, which is included in other cost of sales.

7. COST OF SALES

During the years ended 31 December 2021 and 2020, cost of sales was as follows:

	2021	2020
Cost of fuel	412,961	288,969
Cost of gas	6,599	7,304
Other	47,638	457
Total	**467,198**	**296,730**

(In thousands of Georgian Lari unless otherwise indicated)

8. SELLING AND DISTRIBUTION COSTS

During the years ended 31 December 2021 and 2020, selling and distribution costs were as follows:

	2021	2020
Depreciation and amortization	6,176	7,360
Payroll and related charges	5,439	6,218
Utilities	3,788	2,429
Operating lease expenses	1,955	2,593
Storage	1,634	431
Advertising expenses	1,507	1,421
Transportation and fuel	1,499	1,255
Repair and maintenance	596	608
Security expenses	213	195
Communication	99	100
Other	2,834	1,726
Total	**25,740**	**24,336**

9. GENERAL AND ADMINISTRATIVE EXPENSES

During the years ended 31 December 2021 and 2020, general and administrative expenses were as follows:

	2021	2020
Payroll and related charges	12,660	13,487
Bank charges	1,826	1,544
Taxes other than on income	1,097	1,129
Professional services	408	472
Insurance	288	229
Office rent	216	174
Business trip expenses	212	185
Repair and maintenance	174	251
Utilities	139	83
Stationary	137	81
Communication	101	129
Other	598	655
Total	**17,856**	**18,419**

(In thousands of Georgian Lari unless otherwise indicated)

10. OTHER INCOME

During the years ended 31 December 2021 and 2020, other income was as follows:

	2021	2020
Gain on disposal of property, plant and equipment and investment property, net	9,253	6,032
Operating lease income	3,991	3,361
Dividend income	343	346
Penalties	296	20
Income from installation	294	312
Income from realisation of plastic cards	205	82
Transportation service	126	114
Income from advertising	119	821
Insurance income	115	215
Gain from rent concessions	315	661
Gain on derecognition of lease liabilities	253	654
Income from exemption of loan repayment	-	19,870
Other	2,499	1,263
Total	17,809	33,751

On 15 December 2020, settlement deed between the Company and European Bank for Reconstruction and Development was formed related to the original loan agreement dated on 31 May 2014, where the bank and the Company came to accommodation of the repayment of the part of the loan in return for the release by the bank of certain guarantees and security related thereto and the extinguishment of the remaining debt which is outstanding to bank under the loan agreement dated on 31 May 2014. The parties agreed that in case of repayment of USD 5,500 thousand, the remaining principal amount outstanding under the loan agreement after the repayment of USD 5,500 thousand shall be deemed to have been repaid in full and any interest and default interest accrued on the loan. As a result Company incurred income from exemption of loan repayment.

During 2021, the Company exchanged lands and buildings with the Government of Georgia in return of lands. As a result of the transaction, the Company generated a gain of GEL 8,300 thousand, which is included in the gain on disposal of property, plant and equipment and investment property.

(In thousands of Georgian Lari unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2021 and 2020, property, plant and equipment, net of accumulated depreciation, was as follows:

	Land and buildings	Machinery and equipment	Vehicles	Office equipment	Other fixed assets	Construction in progress	Total
Balance at 1 January 2020	**112,066**	**20,710**	**4,947**	**13,221**	**7,931**	**1,992**	**160,867**
Additions	5,193	391	433	375	116	-	6,508
Disposals	(7,503)	(3,351)	(756)	(702)	(1,427)	-	(13,739)
Transfers	1,992	-	-	-	-	(1,992)	-
Balance at 31 December 2020	**111,748**	**17,750**	**4,624**	**12,894**	**6,620**	**-**	**153,636**
Additions	18,107	375	1,289	735	1,752	-	22,258
Disposals	(7,050)	(2,421)	(17)	(507)	(695)	-	(10,690)
Transfers to Investment Property	(12,863)	-	-	-	-	-	(12,863)
Balance at 31 December 2021	**109,942**	**15,704**	**5,896**	**13,122**	**7,677**	**-**	**152,341**
Accumulated depreciation at 1 January 2020	**(89)**	**(12,382)**	**(2,945)**	**(9,206)**	**(4,128)**	**-**	**(28,750)**
Charge for the year	(2,121)	(1,428)	(439)	(845)	(328)	-	(5,161)
Disposals	79	1,682	636	352	679	-	3,428
Accumulated depreciation at 31 December 2020	**(2,131)**	**(12,128)**	**(2,748)**	**(9,699)**	**(3,777)**	**-**	**(30,483)**
Charge for the year	(1,884)	(898)	(482)	(790)	(368)	-	(4,422)
Disposals	37	1,002	11	467	330	-	1,847
Accumulated depreciation at 31 December 2021	**(3,978)**	**(12,024)**	**(3,219)**	**(10,022)**	**(3,815)**	**-**	**(33,058)**
Net carrying amounts							
As at 31 December 2020	**109,617**	**5,622**	**1,876**	**3,195**	**2,843**	**-**	**123,153**
As at 31 December 2021	**105,964**	**3,680**	**2,677**	**3,100**	**3,862**	**-**	**119,283**

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(In thousands of Georgian Lari unless otherwise indicated)

As at 31 December 2021 and 2020, there are no fully depreciated assets.

The Company has pledged its property, plant and equipment to secure bank borrowings (see note 19) with carrying amounts of GEL 119,283 thousand and GEL 123,153 thousand as at 31 December 2021 and 2020, respectively.

The Company's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's land and buildings as at 31 December 2019 were performed by Colliers International, independent valuers not related to the Company. The valuation conforms to International Valuation Standards.

12. INVESTMENT PROPERTY

As at 31 December 2021 and 2020, investment property at valuation was as follows:

	Land	Buildings	Total
Balance at 1 January 2020	**10,927**	**395**	**11,322**
Balance at 31 December 2020	**10,927**	**395**	**11,322**
Transferred from property, plant and equipment	12,863	-	12,863
Disposal	(3,333)	-	(3,333)
Balance at 31 December 2021	**20,457**	**395**	**20,852**

During 2021, the Company exchanged lands and buildings with the Government of Georgia in return of lands. The total carrying value of the assets transferred amounted to GEL 4,100 thousand, out of which the items with the carrying value of GEL 3,333 thousand were previously classified as investment property, while the remaining assets were classified as property, plant and equipment. The fair values of the lands received from the Government totaled GEL 12,863 thousand – the valuation was performed by LEPL Levan Samkharauli National Forensics Bureau. As the lands received are currently held for capital appreciation, they are classified as investment property.

The Company's investment property are stated at their revalued amounts, being the fair value at the date of revaluation. The fair value measurements of the Company's investment property as at 31 December 2019, were performed by Colliers International, independent valuators not related to the Company. The valuation conforms to International Valuation Standards.

The Company has pledged investment property to secure bank borrowings (see note 19) with carrying amounts of GEL 20,852 thousand and GEL 11,322 thousand as at 31 December 2021 and 2020, respectively.

(In thousands of Georgian Lari unless otherwise indicated)

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	Land and buildings	Equipment	Total
Carrying value as at 1 January 2020	**18,796**	**95**	**18,891**
Additions	467	-	467
Disposals	(2,865)	-	(2,865)
Modifications	(295)	-	(295)
Depreciation charge for the year	(1,849)	(11)	(1,860)
Carrying value as at 31 December 2020	**14,254**	**84**	**14,338**
Additions	222	-	222
Disposals	(187)	-	(187)
Modifications	(1,921)	-	(1,921)
Depreciation charge for the year	(1,430)	(11)	(1,441)
Carrying value as at 31 December 2021	**10,938**	**73**	**11,011**

Movements in lease liabilities in 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Lease liability as at 1 January	**20,906**	**23,732**
Recognition of lease liabilities	222	482
Interest expense on lease liabilities	1,909	2,207
Foreign exchange effect	(688)	2,846
Modifications	(1,949)	(295)
Rent concessions received due to Covid 19	(315)	(661)
Termination of lease contract	(440)	(4,041)
Repayment of interest expense	(1,909)	(2,207)
Repayment of lease liabilities	(1,324)	(1,157)
Lease liability as at 31 December	**16,412**	**20,906**

Amounts recognised in statement of profit and loss	**2021**	**2020**
Depreciation expense on right-of-use assets	1,441	1,860
Interest expense on lease liabilities	1,909	2,207
Expense relating to payments not included in the measurement of the lease liability	112	155
Total	**3,462**	**4,222**

(In thousands of Georgian Lari unless otherwise indicated)

	31 December 2021	
Maturity analysis of Lease Liability	**Amounts payable under finance leases**	**Future finance charges**
Year 1	1,927	1,679
Year 2	1,140	1,529
Year 3	1,347	1,400
Year 4	1,420	1,250
Year 5	1,564	1,089
Onwards	9,014	3,307
Total lease Liability	**16,412**	**10,254**

	31 December 2020	
Maturity analysis of Lease Liability	**Amounts payable under finance leases**	**Future finance charges**
Year 1	2,397	1,921
Year 2	2,354	1,704
Year 3	1,330	1,524
Year 4	1,542	1,393
Year 5	1,609	1,244
Onwards	11,674	4,136
Total lease Liability	**20,906**	**11,922**

14. INVESTMENTS

At 31 December 2021 and 2020, investments were as follows:

	31 December 2021		31 December 2020	
	Value of investment	**Shares held %**	**Value of investment**	**Shares held %**
Investment in subsidiaries				
Wissol Auto Express LLC	17,869	100%	15,431	100%
Wissol Petroleum Georgia Vake LLC	332	50%	332	50%
Wissol-Kochebi LLC	290	100%	290	100%
Canargo Standard Oil Products-Chugureti LLC	56	51%	56	51%
Ertoba 2018 LLC	5,997	100%	7,257	100%
	24,544		**23,366**	
Investment in an associate				
Jachvis Khidi LLC	620	40%	620	40%
Wissol Group LLC	-	33.5%	-	33.5%
Total	**25,164**		**23,986**	

On 27 February 2018 the Company has established a new subsidiary LLC Ertoba 2018 for dealing with funding provided to related parties in the form of loans disbursed. The first contribution made to LLC Ertoba 2018's share capital represents related party balances in the gross amount of GEL 19,400 thousand, which consists of GEL 11,650 thousand non-current accounts receivables and GEL 7,257 thousand issued loans. In 2018 share capital of LLC Ertoba 2018 was subsequently increased to GEL 28,550 thousand in the form of cash by contributing additional GEL 9,150. Additional cash contribution was subsequently issued as a loan to related party –Smart Retail JSC.

(In thousands of Georgian Lari unless otherwise indicated)

From October 2019, the Company has agreed the schedule and started recovery of its related party exposures from Smart Retail JSC. According to the current schedule, Smart Retail JSC has to repay GEL 105 thousand per month, which gradually increases during subsequent years. As a result, the Management has reversed impairment of GEL 1,139 thousand from non-current accounts receivables during 2019.

Charter capital of Ertoba 2018 LLC is decreased monthly by GEL 105 thousand in line with repayment of obligation according to the agreed schedule between Ertoba 2018 LLC and related parties, as far as, recovered amounts are repaid back to JSC Wissol Petroleum Georgia.

As at 31 December 2021 and 2020 gross carrying amount of investment in LLC Ertoba 2018 amounted to GEL 25,715 thousand and GEL 26,975 thousand, respectively.

As at 31 December 2021 and 2020 gross carrying amount of investments in LLC Wissol Auto Express amounted to GEL 25,245 thousand and 22,717 thousand, respectively.

15. INVENTORY

At 31 December 2021 and 2020, inventories were as follows:

	31 December 2021	31 December 2020
Fuel	36,307	38,298
Other	2,387	2,798
Total	**38,694**	**41,096**

16. TRADE AND OTHER ACCOUNTS RECEIVABLE

At 31 December 2021 and 2020, accounts receivable, net of allowance for irrecoverable amount, were as follows:

	31 December 2021	31 December 2020
Trade accounts receivable	13,846	11,349
Other accounts receivable	6,787	4,240
	20,633	**15,589**
Provision for expected credit losses	(7,998)	(4,589)
Total	**12,635**	**11,000**

The average credit period for the Company's customers is nine days.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further credit provision required in excess of the provision for expected credit losses.

(In thousands of Georgian Lari unless otherwise indicated)

Movement in provision for expected credit losses:

	31 December 2021	31 December 2020
Balance at the beginning of the period	**(4,589)**	**(2,625)**
Expected credit loss recognized on receivables	(3,650)	(2,122)
Recovery of expected credit loss	241	158
Balance as at end of the period	**(7,998)**	**(4,589)**

Analysis by aging of trade receivables is as follows:

31 December 2021	less than 30 days overdue	30 to 90 days overdue	91 to 180 days overdue	over 180 days overdue	Total
Estimated total gross carrying amount at default	10,636	1,225	1,208	7,564	**20,633**
Lifetime ECL	(584)	(476)	(992)	(5,946)	**(7,998)**

31 December 2020	less than 30 days overdue	30 to 90 days overdue	91 to 180 days overdue	over 180 days overdue	Total
Estimated total gross carrying amount at default	8,796	1,003	576	5,214	**15,589**
Lifetime ECL	(189)	(244)	(336)	(3,820)	**(4,589)**

17. CASH AND CASH EQUIVALENTS

At 31 December 2021 and 2020, cash and cash equivalents were as follows:

	31 December 2021	31 December 2020
Cash with banks	2,419	935
Cash on hand	48	150
	2,467	1,085
Expected credit loss	-	-
Total	**2,467**	**1,085**

18. SHARE CAPITAL

At 31 December 2021 and 2020, share capital was as follows:

	31 December 2021	31 December 2020
share capital	22,692	24,272
Total	**22,692**	**24,272**

As at 31 December 2021 and 2020 the Company's share capital comprised of 14,181,000 and 14,881,000 common shares with a nominal par value of 1 United States Dollar per share.

(In thousands of Georgian Lari unless otherwise indicated)

All shares have equal voting rights and rights to receive dividends, which are payable at the discretion of the Company. Payment of dividends is subject to withholding tax of 5% and profit tax of 15% from the gross amount of payment. For the years ended 31 December 2021 and 2020 the Company has not declared dividends to its shareholders.

19. LOANS AND BORROWINGS

At 31 December 2021 and 2020, loans and borrowings were as follows:

	Currency	Interest rate	Maturity	31 December 2021	31 December 2020
Secured loans and borrowings:					
JSC TBC Bank	GEL	13.40%	Mar-22	18,159	-
JSC TBC Bank	GEL	13.40%	Feb-22	8,962	-
JSC VTB Bank Georgia	USD	8.00%	Feb-22	7,032	-
JSC Halyk Bank Georgia	GEL	14.00%	Jul-23	5,952	-
Unicredit Bank Austria	USD	1 month Libor + 2.70% + Cost of Funds + Mandatory Costs (if any)	N/A	5,549	16,333
JSC BasisBank	GEL	13.70%	Jan-23	5,005	-
JSC TBC Bank	GEL	13.40%	Feb-22	4,809	13,614
JSC TBC Bank	USD	7.80%	Feb-22	3,422	-
JSC BasisBank	GEL	13.50%	Sep-22	3,189	-
JSC Halyk Bank Georgia	GEL	13.70%	Nov-22	3,164	-
JSC TBC Bank	GEL	Base rate+4.70%	Apr-22	3,152	-
JSC Pasha Bank	USD	9.00%	Oct-23	3,098	3,360
JSC Cartu Bank	GEL	Base rate+4.00%	Mar-23	2,022	-
JSC Pasha Bank	USD	8.50%	Dec-23	1,551	-
JSC BasisBank	USD	10.00%	Oct-25	1,011	1,070
LLC ALMA	GEL	12.20%	Jan-24	239	300
LLC Development	GEL	15.00%	Oct-22	146	-
LLC Alma	GEL	13.40%	Dec-23	62	-
European Bank for Reconstruction and Development (EBRD)	USD	0%	Apr-21	-	18,089
JSC TBC Bank	USD	6-month Libor + 9.50%	Aug-21	-	9,174
JSC Halyk Bank Georgia	GEL	13.00%	Jul-21	-	5,957
Wissol Auto Express	USD	7.80%	Dec-21	-	3,390
JSC TBC Bank	GEL	13.50%	Mar-21	-	3,027
JSC BasisBank	USD	10.00%	Jun-21	-	2,621
JSC BasisBank	GEL	13.00%	Jun-21	-	1,992
JSC TBC Bank/EBRD MCFF	USD	1-Month Libor + 8.50%	Jul-21	-	1,209
JSC TBC Bank	GEL	13.50%	Mar-21	-	1,003
Vellagio LTD	USD	8.00%	Dec-21	-	878
LLC ALMA	USD	10.50%	Dec-21	-	719
LLC Rustavi Mall	GEL	12.20%	Dec-22	-	475
Wissol Auto Express	GEL	11.00%	Apr-21	-	150
JSC BasisBank	GEL	13.70%	Dec-21	-	93
JSC BasisBank	USD	10.00%	Dec-21	-	88
Total loans and borrowings				**76,524**	**83,542**
Long-term portion of loans and borrowings				17,095	1,841
Short-term portion of loans and borrowings				59,429	81,701

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(In thousands of Georgian Lari unless otherwise indicated)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1 January 2021	Financing cash flows (i)	Interest accrued during the year	Interest paid during the year	Foreign exchange loss (Non-cash change)	31 December 2021
Borrowings	83,542	(5,834)	7,707	(7,659)	(1,232)	76,524
	83,542	**(5,834)**	**7,707**	**(7,659)**	**(1,232)**	**76,524**

	1 January 2020	Financing cash flows (i)	Interest accrued during the year	Interest paid during the year	Foreign exchange loss (Non-cash change)	31 December 2020
Borrowings	114,088	(47,282)	8,998	(5,284)	13,022	83,542
	114,088	**(47,282)**	**8,998**	**(5,284)**	**13,002**	**83,542**

i) The financing cash flows represents the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows. Financing cash flows for the year ended 31 December 2021 include GEL 18,089 thousand decrease in borrowing balance due to EBRD loan repayment.

ii) Borrowings have been secured by a pledge over the Company's property, plant and equipment and investment property (see Note 11 and Note 12).

The loans and borrowings are repayable as follows:

	31 December 2021	31 December 2020
Due within one year	59,429	81,701
Total current portion repayable in one year	**59,429**	**81,701**
Due from one year to two years	16,832	775
Due from two years to five years	263	1,066
Due thereafter	-	-
Total	**76,524**	**83,542**

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(In thousands of Georgian Lari unless otherwise indicated)

20. FINANCE LEASE LIABILITY

Finance lease liability as at 31 December 2021 and 2020 was as follows:

	31 December 2021	31 December 2020
Current finance lease liability	500	500
Non-current finance lease liability	3,968	4,099
Total	**4,468**	**4,599**

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Due within one year	501	500	142	131
Due from one to five years	2,004	2,503	697	839
Due thereafter	5,512	5,502	3,629	3,629
	8,017	8,505	4,468	4,599
Less: future finance costs	(3,549)	(3,906)	-	-
Present value of minimum lease payments	**4,468**	**4,599**	**4,468**	**4,599**

Finance lease items were Company's (lessor) owned assets, which was sold to LLC MP Property (lessee) in 2015 and leased back as an operating lease. According to the lease agreement, the lessor has a preferable purchase right and herewith, lessee cannot sell the property without authorization of the lessor.

21. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Trade payables for fuel	28,456	25,867
Other	4,967	1,476
Total	**33,423**	**27,343**

22. ADVANCES RECEIVED

Advances received as at 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Advance payments received for fuel	13,852	13,439
Other advance payments received	8,883	1,686
Total	**22,735**	**15,125**

23. FINANCIAL INSTRUMENTS

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. The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Georgia

continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and other financial assets approximate fair values due to their short term maturities.

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Management of the Company considers that the carrying amounts of financial liabilities recorded in the separate financial statements approximate their fair values.

The fair value of cash and cash equivalents was determined using level 1 measurement, while fair value of borrowings was determined using level 2 measurement. Fair values of all other financial assets and liabilities were determined using level 3 measurement. The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique for which comparable market prices have been used. The fair value of fixed and floating rate instruments that are not quoted in an active market was estimated not to be materially different from their carrying amount.

Capital risk management – The Company manages its capital to ensure that entities of the Company will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. Management of the Company reviews the capital structure on a regular basis. Based on the results of this review, the Company takes steps to balance its overall capital structure through the payment of dividends, new share issues as well as taking of new loans and borrowings or redemption of existing loans and borrowings.

(In thousands of Georgian Lari unless otherwise indicated)

The gearing ratio at end of the reporting period was as follows:

	31 December 2021	31 December 2020
Loans and borrowings	76,524	83,542
Cash and cash equivalents	(2,467)	(1,085)
Net loans and borrowings	74,057	82,457
Equity	79,346	74,129
Net debt to equity ratio	93%	111%

To deleverage the Company's operations the Management is taking steps for improving working capital needs by selling some of the non-core assets and use the funds raised to repay some portion of its borrowings. Furthermore the Management works on cost optimization plan to improve the profitability on a long term basis.

Major categories of financial instruments – The Company's principal financial liabilities comprise loans and borrowings, trade and other payables and finance lease liability. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, loans disbursed, deposits with banks and cash and cash equivalents.

	31 December 2021	31 December 2020
Financial assets		
Trade and other accounts receivable	12,635	11,000
Loans disbursed	2,921	1,131
Cash and cash equivalents	2,467	1,085
Total financial assets	**18,023**	**13,216**
Financial liabilities		
Loans and borrowings	76,524	83,542
Trade and other accounts payable	33,423	27,343
Other lease liability	16,412	20,906
Finance lease liability	4,468	4,599
Total financial liabilities	**130,827**	**136,390**

The main risks arising from the Company's financial instruments are foreign currency, interest rate, credit and liquidity risks.

Foreign currency risk – Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure.

(In thousands of Georgian Lari unless otherwise indicated)

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities as at 31 December 2021 and 2020 were as follows:

	31 December 2021		31 December 2020	
	USD	**EUR**	**USD**	**EUR**
	USD 1 = 3.0976 GEL	EUR 1 = 3.5040 GEL	USD 1 = 3.2766 GEL	EUR 1 = 4.0233 GEL
Financial assets				
Short-term loans disbursed	1,003	-	-	-
Cash and cash equivalents	1,110	8	102	10
Total financial assets	**2,113**	**8**	**102**	**10**
Financial liabilities				
Loans and borrowings	21,663	-	56,931	-
Trade and other accounts payable	15,455	-	3,339	77
Other lease liability	11,922	-	19,932	-
Finance lease liability	4,468	-	4,599	-
Total financial liabilities	**53,508**	**-**	**84,801**	**77**
Total net position	**(51,395)**	**8**	**(84,699)**	**(67)**

The table below details the Company's sensitivity to strengthening/weakening of functional currency against foreign currencies by 20% as at 31 December 2021 and 2020. The analysis was applied to monetary items at the reporting date denominated in respective currencies.

As at 31 December 2021:

	USD impact		**EUR impact**	
	USD/GEL + 20%	**USD/GEL – 20%**	**EUR/GEL + 20%**	**EUR/GEL – 20%**
(Loss)/profit before tax	(10,480)	10,480	2	(2)

As at 31 December 2020:

	USD impact		**EUR impact**	
	USD/GEL + 20%	**USD/GEL – 20%**	**EUR/GEL + 20%**	**EUR/GEL – 20%**
(Loss)/profit before tax	(16,940)	16,940	(13)	13

Interest rate risk – Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Company. The Company does not use any derivatives to manage interest rate risk exposure. The Company is exposed to interest rate risk as entities in the Company borrow funds at both fixed and floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 3% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

- Profit before tax for the year ended 31 December 2021 would decrease/increase by GEL 321 thousand. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Limitations of sensitivity analysis – The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Credit risk – Credit risk is the risk that a customer may default or not meet its obligations to the Company on a timely basis, leading to financial losses to the Company. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables and loans disbursed) and from its financing activities, including accounts with banks and related parties, foreign exchange transactions and other financial instruments.

The credit risk on cash and cash equivalents and deposits with banks is limited because the counterparties are banks with positive credit ratings. For cash and cash equivalents, restricted cash and balances with banks the ECL is calculated using benchmarking the exposure to the risk of default according to the research produced by the international credit agencies (Moody's).

The Company classifies its exposures as either individually significant or non-significant for the purpose of loss allowance recognition and measurement. Exposure is classified as individually significant if the based on past history Company had a difficulties recovering exposure from the customer and struggles with significant overdue. In case the exposure of certain counterparty is not provisioned on individual basis or ECL determined with collective assessment is more than individually assessed, the Company uses collective assessment for such exposures.

(In thousands of Georgian Lari unless otherwise indicated)

For financial assets or contract assets that do not contain a significant financing component, the Company uses simplified approach of ECL calculation. Under the simplified approach the Company either classifies financial assets into stage 2 or stage 3. The Company measures the loss allowance for financial assets at an amount equal to lifetime ECL.

For trade and other receivables the expected credit losses are estimated by reference to past default experience of the debtor, financial condition for the year, an analysis of the debtor's overdue days and migration between overdue buckets for the past 3 years.

For loans disbursed the expected credit loss is individually reviewed and calculated based on the past default experience of the debtor and financial condition for the year.

The expected credit loss on financial assets are estimated by multiplying probability of default by loss given default and by exposure at default.

The Company allocates exposures into stages based on the quantitative and qualitative assessment at each reporting date. Such quantitative and qualitative assessment includes:

Stage 3 – a) Exposure selected for collective assessment with past due days more than 90 is allocated into stage 3; b) Other qualitative information indicates that the counterparty will not be able to repay the debt without enforcement activities.

Stage 2 - Exposures that do not meet stage 3 definition is allocated into stage 2.

Liquidity risk – Liquidity risk is the risk that the Company will not be able to settle all liabilities as they are due.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as at 31 December 2021 and 2020. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Less than 1 year	From 1 year to 2 years	From 2 years to 5 years	5+ years	Total
31 December 2021					
Non-interest bearing	33,423	-	-	-	33,423
Interest rate instruments	67,107	21,076	9,849	17,833	115,865
	100,530	**21,076**	**9,849**	**17,833**	**149,288**
31 December 2020					
Non-interest bearing	27,343	-	-	-	27,343
Interest rate instruments	88,936	5,118	12,485	23,992	130,531
	116,279	**5,118**	**12,485**	**23,992**	**157,874**

(In thousands of Georgian Lari unless otherwise indicated)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

24. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Related parties include shareholders, associates and entities under common ownership and control with the Company and members of key management personnel. Key management personnel is composed of: head and members of supervisory board; general director, and head of departments.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions with related parties:

	31 December 2021		
	Shareholders' associates and entities controlled by them	Other	Total
Finance lease liability	4,468	-	4,468
Deferred revenue	1,540	-	1,540
Trade and other accounts receivable	1,908	-	1,908
Trade and other accounts payable	250	-	250
Other lease liabilities	3,820	-	3,820
Loans disbursed	2,921	-	2,921
Revenue	196	-	196
Purchases	6,464	-	6,464
Finance income	145	-	145

	31 December 2020		
	Shareholders' associates and entities controlled by them	Other	Total
Finance lease liability	4,599	-	4,599
Deferred revenue	1,662	-	1,662
Trade and other accounts receivable	1,347	-	1,347
Trade and other accounts payable	146	-	146
Other lease liabilities	5,751	-	5,751
Loans disbursed	1,133	-	1,133
Revenue	191	-	191
Purchases	309	-	309
Finance income	12	-	12

The compensation of the key management personnel, represented with short-term employee benefits, for the year ended 31 December 2021 and 2020 was GEL 4,883 thousand and GEL 4,013 thousand, respectively. Some of the directors are performing key management roles both in Wissol Petroleum Georgia, as well as, in Wissol Auto Express (subsidiary). Salaries and other benefits included in the key management remuneration above, which is paid from Wissol Auto Express equals GEL 260 thousand and GEL 1,300 thousand for the years ended 31 December 2021 and 2020, respectively.

25. COMMITMENTS AND CONTINGENCIES

Commitments – The Company had no material commitments outstanding as at 31 December 2021 and 2020.

Legal proceedings - From time to time and in the normal course of business, claims against the Company are received from citizens and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these separate financial statements.

Taxes – The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and if the authorities were successful in enforcing their own interpretations, the effect on these separate financial statements could be significant. On 21 February 2017 the Audit Department of the Revenue Service of the Ministry of Finance of Georgia issued order #4187 to the Company and tax audit of the Company's financial information has been performed covering the period 1 January 2014 to 1 January 2017. As of the date of issuing these separate financial statements these periods are closed for the future review.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during last couple of years paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of reduction or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Georgian economy.

Pandemic is at the phase of vaccination all over the world including Georgia that will have a positive effect on economy.

Management is unable to predict all developments which could have an impact on the Georgian economy and consequently what effect, if any, they could have on the future financial position of the Company. Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business.

26. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, war in Ukraine was started. Subsequent to these events, the US, UK, EU and other countries announced an extension of sanctions on certain Russian officials, businessmen and companies.

Management of the Group is monitoring developments in the economic and political situation and taking measures it considers necessary in order to support the sustainability and development of the Group's operations for the foreseeable future. However, the consequences of these events and related future changes should not have any impact on the Group's operations.

In March 2022 short term loans from JSC TBC Bank denominated in GEL amounted 38,331 thousand was repaid and new long term loans were received from JSC TBC Bank denominated in EUR in the amount of GEL 38,299 thousand due in September 2023.

In May 2022 short term loan from JSC VTB Bank denominated in GEL amounted 7,017 thousand was prolonged due in November 2022.

In May 2022 new short term loan was obtained from JSC TBC Bank denominated in USD amounted GEL 9,077 thousand due in November 2022.

In May 2022 new credit line agreement was signed with JSC Pasha Bank denominated in USD with GEL 2,000 thousand limit.

In January 2022 short term credit line loan from Unicredit Bank Austria denominated in USD was paid in the amount of GEL 5,553 thousand.

27. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The separate financial statements were approved by the Board of Directors and authorized for issue on 29 September 2022.

SEPARATE MANAGEMENT REPORT

Overview of Operations

JSC Wissol Petroleum Georgia (hereinafter Wissol or the Company) is a joint stock company registered by Tbilisi Didube-Chugureti District Court on 11 April 2000.

Chartered capital of the Company amounts to GEL 22,692 thousand. The chartered capital is divided into 14,181 thousand ordinary nominal shares of nominal value of USD 1 (one US Dollar) each.

Shareholders of the Company comprise:

- Wissol Holding B.V. LLC (the Netherlands) - 61.96%
- Standard Oil Holding LLC (Georgia) - 10.86%
- Levan Pkhakadze (Georgia) - 2.18%
- Helvetia Petroleum Holding B.V. LLC (the Netherlands) - 25%

The Group is managed by General Shareholders' Meeting, Supervisory Board and Director General.

The Supervisory Board comprises of three members:

- Samson Pkhakadze, chairman
- Levan Pkhakadze, member
- Nugzar Abramishvili, member

As at 31 December 2021, the Company held shares in the following subsidiaries and associates (collectively the Group):

- Wissol Auto Express LLC - 100%, servicing and sale of car's spare parts, brakes, batteries, oil and tires;
- Wissol Petroleum Georgia Vake LLC - 50%, petrol station leasing to Wissol;
- Jachvis Khidi - 40% (associate), petrol station leasing to Wissol;
- LLC Canargo Standard Oil Products-Chugureti - 51%, dormant;
- Wissol-Kochebi LLC - 100%, dormant;
- Wissol Group LLC - 33.5% (associate), advertising;
- Ertoba 2018 LLC – 100%, collection of debts from related parties.

Group's operations include:

- Construction and further operation of state of the art petrol stations;
- Purchase, import, export, transit, storage, processing and sale of oil and oil products;
- Servicing of vehicles and cars;
- Purchase, transit, storage, processing and retailing of gas and gas products.

At the end of 2021, the number of employees in JSC Wissol Petroleum Georgia was 1,123.

As at the end of 2021 the Company operated 120 stations: 117 petrol stations (77 own, 39 rented and 1 rented from a subsidiary), out of which 10 are combined petrol and gas stations and 3 standalone gas stations (2 own, 1 rented).

Main Financial Indicators and Covid-19 Effects

In 2020 the Company's profit from continuing operations was GEL 3,474 thousand. Furthermore, in 2021 profit increased by GEL 3,323 thousand and comprised GEL 6,797 thousand, a significant contributor to which were (a) significant increase in sales due to higher prices and demand on fuel and (b) decrease in foreign exchange loss because of strengthening of Georgian Lari.

In order to further increase its profitability in 2022 the Company plans to continue reducing its administrative and other expenses through optimizing some of the activities the Company undertakes. In addition, the Company has implemented additional activities to decrease buffer inventory balances (i.e. store inventory for not more than the next month sales, instead of stocking for 2-3 months) and improve cash flows. The activities should allow the Company to shorten working capital requirements and re-direct the funds more to de-leverage the Company.

Further evaluation of GEL/USD exchange rate and unveiling of Covid-19 restrictions had an overall positive effect on Company's operations. The Company recorded 5% growth in liters in 2021. Moreover, the Company recorded foreign exchange gain of GEL 1,732 thousand, instead of PY loss of GEL 17,335 thousand.

Sales revenue has been affected more significantly due to very large fluctuation in prices of petroleum on the international market that occurred in 2021. Platts increased by more than 60%. The fact caused increase in sales price locally and as a result, further increased revenue amount.

As for administrative expenses, the Company has decreased salaries, while slightly increasing advertising and marketing expenses.

Research and Development

The Company didn't implement any research and development projects in 2020 and 2021 years.

Overview of Credit, Market, Liquidity and Cash Flow Risks and Risk Management Controls

Credit Risk

Credit risk affects trade receivables from the customers of the Company. The trade receivables are shown in the financial statements including the impairment allowance. The Company's customers are represented by retail and corporate customers. Based on customers repayment history the Company reviews certain customers individually for potential impairment. Counterparty balances, which are not individually provisioned or does not fall into individual review pool are assessed collectively. The Company conservatively assumes that probability of default for exposures over 90 days overdue is 100%. For collective assessment the management takes into account the past experience of collectability available from internal or external sources.

The Company constantly monitors its receivables, assessing the financial position of the counterparty and making an operational decision to withhold the credit, renegotiate the terms, present a bill of payment, etc. To manage the risk, the Company has created a task force comprising: Director General, Director of Operations, Director of Sales and Director of Finance, who convene informally on a regular basis to discuss the Company's credit risks and its portfolio. As at 31 December 2021, the Management of the Company believes, that there was no necessity to create any additional provisions apart from the impairment provision recorded in the separate financial statement.

Market Risk

Market risks arise from the competitive fuel market created by other brand or non-brand chains. The retail and corporate market for fuel is highly competitive and is represented by brand and non-brand petrol stations. The Company competes with in both sectors by price and quality, as well as, variety of services offered (self-service stations, markets linked to stations, different types of billing for corporate customers, discounts, etc.). The Company also monitors on a daily basis market pricing policy, terms of corporate sales, discounts, its own margins and respond appropriately to the market. The Company also works actively to meet the demand for improvement of the existing services to make the Company's products attractive and desirable for the customers.

The stability of Gross profit per liter shows that price competition isn't significantly affecting the Company.

Liquidity and Cash Flow Risks

Liquidity has been a risk for the Company primarily due to large borrowings that has increased the leverage historically. To improve the leverage of the Company's operations, the Management started disposing of its auxiliary, non-core assets. The funds raised from the sales of respective assets have been directed towards coverage of the obligation and allowed the Management to concentrate on development of core business.

Furthermore, as mentioned above, the Company has decreased its debtors collection days and buffer inventory levels, which on its turn, generated another source to support the daily operations. Also freed up working capital funds were directed to cover the short term borrowings in 2021.

During the 2020 and 2021 years and subsequent to the reporting date management managed to extend maturity dates for the significant part of the loan portfolio, which significantly improved liquidity gap of the Company in subsequent to the reporting date.

Operational Risk

In order to minimize its operational risks, the Company has the monitoring department, which constantly monitors balances of fuel, balances of cash and other assets in the Company's warehouses and petrol and gas stations. The Company conducts monitoring of stocks on monthly basis at stations and weekly at warehouses.

In addition, petrol stations have automated systems equipped with electronic meters to measure the amount of fuel in the tank. In case of tank damage or fuel leakage, the station manager or any other authorized person can detect the damage and respond accordingly.

The Company is also insured against indemnity for third party property and health to avoid any unforeseen charges.

Financial Risk-Related Goals and Management Policy

Two other risks that affect the Company's operations apart from those discussed above are currency risk and risk of change international purchase prices. Currency risk arises from the majority of the Company's borrowings being denominated in USD, while the revenues are collected in GEL (despite pricing changes in accordance with the exchange rate). Changes in exchange rates is reflected in retail and corporate sales prices for all market players. The Company has converted most of its debt to GEL.

During the 2021 year and subsequent to the reporting date management managed to restructure significant part of the loan portfolio and replaced loans denominated in USD with loans denominated in the national currency, which will help to decrease foreign exchange loss incurred on loans obtained in foreign currency.

International prices for the purchased oil fluctuate daily based on daily Plats price movement (Platts, European MarketScan, by S&P Global). Plats is established daily, except for weekends and bank holidays and is based on the price of one metric ton of ready product. Products are purchased in US Dollar and sold in retail and corporate chains in GEL, however obviously price is recalculated frequently to reflect both the Platts and the exchange rate. The risk is partially addressed by an even distribution of purchases throughout the year (and storages similar to competitors – so that competitors also adjust prices accordingly).

Plans for Development

The Company's development plan envisages (a) further deleveraging and (b) further upgrade of CRM/IT and Station Control systems (so that there is more flexibility in offers to both retail and corporate customers and more controls).

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

Separate Financial Statements, Management Report
and Independent Auditor's Report
For the Year Ended 31 December 2021

JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

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JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AND SEPARATE MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of JSC Wissol Petroleum Georgia (the "Company") as of 31 December 2021, and the results of its operations, changes in equity and cash flows for the year then ended, in compliance with International Financial Reporting Standards ("IFRS"). Management is also responsible for the preparation of the separate management report in accordance with the Law of Georgia on Accounting, Reporting and Auditing.

In preparing the separate financial statements and separate management report, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- Making an assessment of the Company's ability to continue as a going concern;
- Disclosing the information in the separate management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparation of the separate management report in consistent with the separate financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the separate financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud and other irregularities.

The separate financial statements and separate management report of the Company for the year ended 31 December 2021 were approved by the Management on 29 September 2022.

On behalf of the Management Board:

Vasil Khorava **General Director** 29 September 2022 Tbilisi	**Giorgi Tsimakuridze** **Financial Director** 29 September 2022 Tbilisi

Deloitte & Touche LLC
Tax ID: 204422240
King David Business Center, 15th floor
12 Merab Aleksidze Street
Tbilisi, 0171, Georgia

Tel: +995 (32) 224 45 66
Fax: +995 (32) 224 45 69
deloitte.ge

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of JSC Wissol Petroleum Georgia:

Opinion

We have audited the separate financial statements of JSC Wissol Petroleum Georgia (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of profit or loss and comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes 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 separate financial position of the Company as at 31 December 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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* (the "IESBA Code"), 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.

Emphasis of Matter

We draw your attention to Note 5 to the separate financial statements, which describes that the Company also prepares consolidated financial statements of the Company and its subsidiaries (hereinafter referred as the "Group"). The separate financial statements should be read in conjunction with the consolidated financial statements, which were approved by the management on 29 September 2022. Our opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the separate Management Report prepared in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing ("The Law").

Our opinion on the separate financial statements does not cover the separate Management Report.

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. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Deloitte.

- 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the separate management report in accordance with the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the separate Management Report that is free from material misstatement, whether due to fraud or error.

We performed procedures with respect to whether the separate Management Report is prepared in accordance with the requirements of the Law and includes the information required by the Law.

We have selected and performed procedures based on our judgment, including but not limited to inquiries, analysis and review of documentation, comparison of the Company's policies, procedures, methodologies and reported information with the requirements of the Law, as well as recalculations, comparisons and reconciliations of numeric values and other information.

In our opinion:

- The separate management report for the year ended 31 December 2021 is prepared in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing;
- The separate management report for the year ended 31 December 2021 includes the information required by the Law of Georgia on Accounting, Reporting and Auditing;
- The information provided in the separate management report is consistent, in all material respects, with the separate financial statements for the year ended 31 December 2021.

Shota Nanitashvili
On behalf of Deloitte & Touche LLC

29 September 2022
Tbilisi, Georgia

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(In thousands of Georgian Lari unless otherwise indicated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	6	514,525	342,361
Cost of sales	7	(467,198)	(296,730)
Gross profit		47,327	45,631
Selling and distribution costs	8	(25,740)	(24,336)
General and administrative expenses	9	(17,856)	(18,419)
Other income	10	17,809	33,751
Impairment losses on financial assets		(5,656)	(4,644)
Other operating (expenses)/income		(949)	377
Foreign exchange gain/(loss), net		1,732	(17,335)
Finance expense		(10,015)	(11,563)
Finance income		145	12
Profit before income tax		6,797	3,474
Income tax expense		-	-
TOTAL PROFIT FOR THE YEAR		**6,797**	**3,474**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**6,797**	**3,474**

On behalf of the Management Board:

______________________________	______________________________
Vasil Khorava	**Giorgi Tsimakuridze**
General Director	**Financial Director**
29 September 2022	29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	Notes	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	11	119,283	123,153
Investment property	12	20,852	11,322
Right of use asset	13	11,011	14,338
Investments in subsidiaries	14	24,544	23,276
Investments in associates	14	620	620
Loans disbursed	24	1,918	1,131
Other assets		1,487	1,516
Total non-current assets		179,715	175,356
CURRENT ASSETS:			
Inventory	15	38,694	41,096
Trade and other accounts receivable	16	12,635	11,000
Prepayments to suppliers		1,670	951
Loans disbursed		1,003	-
Taxes recoverable and prepaid		-	1,361
Cash and cash equivalents	17	2,467	1,085
Total current assets		56,469	55,493
TOTAL ASSETS		**236,184**	**230,849**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital	18	22,692	24,272
Property revaluation reserve		59,843	59,843
Accumulated losses		(3,189)	(9,986)
TOTAL SHAREHOLDERS' EQUITY		**79,346**	**74,129**

On behalf of the Management Board:

______________________________	______________________________
Vasil Khorava	**Giorgi Tsimakuridze**
General Director	**Financial Director**
29 September 2022	29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

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SEPARATE STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021 (CONTINUED)
(In thousands of Georgian Lari unless otherwise indicated)

	Notes	31 December 2021	31 December 2020
NON-CURRENT LIABILITIES:			
Loans and borrowings	19	17,095	1,841
Other lease liability	13	14,485	18,509
Finance lease liability	20	3,968	4,099
Deferred revenue		1,420	1,544
Total non-current liabilities		36,968	25,993
CURRENT LIABILITIES:			
Loans and borrowings	19	59,429	81,701
Trade and other accounts payable	21	33,423	27,343
Other lease liability	13	1,927	2,397
Finance lease liability	20	500	500
Advances received	22	22,735	15,125
Deferred revenue		120	120
Tax liabilities		1,518	-
Other current liabilities		218	3,541
Total current liabilities		119,870	130,727
TOTAL LIABILITIES		**156,838**	**156,720**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**236,184**	**230,849**

On behalf of the Management Board:

Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Share capital	Property revaluation reserve	Accumulated losses	Total
Balance at 1 January 2020		**24,272**	**59,843**	**(13,460)**	**70,655**
Total comprehensive income		-	-	3,474	3,474
Balance at 31 December 2020		**24,272**	**59,843**	**(9,986)**	**74,129**
Total comprehensive income		-	-	6,797	6,797
Own shares acquired in the year	18	(1,580)	-	-	(1,580)
Balance at 31 December 2021		**22,692**	**59,843**	**(3,189)**	**79,346**

On behalf of the Management Board:

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Vasil Khorava
General Director
29 September 2022

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Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

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JOINT STOCK COMPANY WISSOL PETROLEUM GEORGIA

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		6,797	3,474
Adjustments for:			
Depreciation and amortization expense	8	6,176	7,360
Impairment losses on financial assets		5,656	4,644
Gain on rent concessions	10	(315)	(661)
Gain on lease modifications and derecognition of lease liabilities	10	(281)	(654)
Gain on disposal of property, plant, and equipment and investment property, net	10	(9,253)	(6,032)
Foreign exchange (gain)/loss, net		(1,732)	17,335
Finance income		(145)	(12)
Gain on exemption of loan repayment	10	-	(19,870)
Finance cost		10,015	11,563
Cash inflow from operating activities before changes in operating assets and liabilities		16,918	17,147
(Increase)/decrease in trade and other receivables		(5,044)	1,106
Increase in prepayments to suppliers		(718)	(63)
Decrease in inventory		2,402	10,347
Increase in tax liabilities, net		2,880	450
Increase/(decrease) in trade and other payables		6,569	(1,873)
Increase in advances received		7,610	162
Decrease in deferred revenue		(120)	(120)
(Decrease)/Increase in other current liabilities		(3,340)	2,987
Cash generated from operations		27,157	30,143
Interest paid		(9,978)	(7,872)
Net cash inflow from operating activities		**17,179**	**22,271**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash disbursed for loans		(4,035)	(3,949)
Purchase of property, plant and equipment		(9,395)	(6,508)
Interest received		145	12
Proceeds from disposal of property, plant and equipment		8,575	16,226
Purchases of other assets		(285)	-
Decrease in charter capital of investment in subsidiary		1,260	1,260
Additional contribution to subsidiary's equity		(2,528)	-
Net cash (outflow for)/inflow from investing activities		**(6,263)**	**7,041**

On behalf of the Management Board:

Vasil Khorava	**Giorgi Tsimakuridze**
General Director	**Financial Director**
29 September 2022	29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)
(In thousands of Georgian Lari unless otherwise indicated)

	notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	127,619	111,120
Repayment of borrowings	19	(133,452)	(138,612)
Payment from purchase of own shares		(1,580)	-
Repayment of principal of finance leases		(1,444)	(1,277)
Net cash outflow from financing activities		**(8,857)**	**(28,769)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,059	543
Effect of foreign exchange rate changes on cash and cash equivalents		(677)	(1,133)
CASH AND CASH EQUIVALENTS, at beginning of the period		1,085	1,675
CASH AND CASH EQUIVALENTS, at end of the period		2,467	1,085

On behalf of the Management Board:

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Vasil Khorava
General Director
29 September 2022

Giorgi Tsimakuridze
Financial Director
29 September 2022

The notes on pages 11-48 form an integral part of these separate financial statements.

(In thousands of Georgian Lari unless otherwise indicated)

1. GENERAL INFORMATION

JSC Wissol Petroleum Georgia (the "Company") is a closed joint stock company, which was established in Georgia in 2000 as Canargo Standard Oil Products LLC with the objective to create a premier chain of branded petrol stations with convenience stores and car wash centers in Georgia.

As at the end of 2021 the Company operated 120 stations: 117 petrol stations (77 own, 39 rented and 1 rented from a subsidiary), out of which 10 are combined petrol and gas stations and 3 standalone gas stations (2 own, 1 rented). The Company operates in both retail and wholesale sector. The Company is the parent company of the following subsidiaries and associates:

Name	Country of operation	The Company ownership interest 2021	2020	Type of operation
Wissol Auto Express LLC (ID: 404878806)	Georgia	100%	100%	Auto consumables
Wissol-Kochebi LLC (ID: 205256104)	Georgia	100%	100%	Rugby team (Dormant)
Ertoba 2018 LLC (ID: 405255753)	Georgia	100%	100%	Loans and receivables from related parties
LLC Canargo Standard Oil Products-Chugureti (ID: 202200000)	Georgia	51%	51%	Dormant petrol station
Wissol Petroleum Georgia Vake LLC (ID: 204986701)	Georgia	50%	50%	Operating petrol station
Jachvis Khidi LLC (ID: 212670830)	Georgia	40%	40%	Operating petrol station
Wissol Group LLC (ID: 404977085)	Georgia	33.5%	33.5%	Advertising service

As at 31 December 2021 and 2020, the Company's owners and their respective percentage of direct interests were as follows:

Principal shareholders	Share of ownership	Ultimate controlling parties
Helvetsia Petroleum Holding B.V.	25.00%	George Ramishvili – 62% Alex Topuria – 28.5% David Borger – 9.5%
Global Investors Limited	61.96%	Samson Pkhakadze – 50% Levan Pkhakadze – 50%
Standard Oil Holding LLC	10.86%	Nugzar Abramishvili – 76% Levan Pkhakadze – 24%
Levan Pkhakadze	2.18%	
	100.00%	

As at 31 December 2021 and 2020 effective ownership shares in the Company held by the ultimate controlling parties were as follows:

Ultimate controlling parties	Share of ownership
Levan Pkhakadze	35.77%
Samson Pkhakadze	30.98%
George Ramishvili	15.50%
Nugzar Abramishvili	8.25%
Alex Topuria	7.12%
David Borger	2.38%
Total	**100.00%**

Effective voting rights of owners did not differ from their effective ownership rights.

2. GOING CONCERN

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In making this judgement, Management considered the Company's financial position, current intentions, profitability of operations and access to financial resources and analyzed the impact of the situation in the financial markets on the operations of the Company.

As at 31 December 2021, Company's current liabilities GEL 119,870 thousand exceeded its current assets GEL 56,469 thousand by GEL 63,401 thousand. As at 31 December 2020, Company's current liabilities GEL 130,727 thousand exceeded its current assets GEL 55,493 thousand by GEL 75,234 thousand.

Management of the Company believes that preparation of the accompanying separate financial statements on the going concern basis is appropriate because of the following:

- Subsequent to the reporting date management managed to extend maturity dates for the significant part of the loan portfolio, amounting GEL 38,331 thousand, which significantly improved liquidity gap of the Company in the moment of prolongation;
- The Company received support letter from its ultimate owners. The letter express commitment to finance contractual obligations of JSC Wissol Petroleum Georgia, if such necessity arises and if funds attracted from third parties are not sufficient to cover the Company's operations and liabilities, to ensure that the Company remains a going concern for a duration up to at least 12 months from issuance of the separate financial statements if such need arises.
- The management will continue concentrating on its core activities, they may in the future identify potential buyers to dispose certain non-core assets. The funds raised will be used for increasing efficiency of Company's core business, by investing in self-service petrol stations, upgrading petrol truck fleet and petrol terminals, covering finance liabilities to minimize interest costs and deleveraging its operations. Management plans to finalize sale of some of the non-core assets during 2022;
- The Company has initiated and is executing its optimisation of distribution and administrative costs, by piloting several self-service petrol stations and smart supermarket-linked stations. Management believes, that the initiative should allow the Company to lower its direct expenses on petrol stations and lead to increased retail sales.

These separate financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the classification of liabilities that might be necessary should the Company unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2021 following new and revised standards have been adopted:

- ***Interest Rate Benchmark Reform*** — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The International Accounting Standards Board (IASB) has published 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

As a result of the Phase 2 amendments:

When the contractual terms of the Company's bank borrowings are amended to implement interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Company changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Company remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior period.

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

The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The above standards and interpretations were reviewed by the Company's management, but did not have a significant effect on the separate financial statements of the Company.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these separate financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 Insurance contracts	1 January 2023
Amendments to IAS 1 "Classification of Liabilities as Short-Term or Long-Term" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Revenue Before Intended Use	1 January 2022
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - "Loss-making Contracts - Completion Value"	1 January 2022
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases	1 January 2022
Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined by the IASB

The Company does not expect that the adoption of the Standards listed above will have a material impact on the separate financial statements of the Company in future periods.

4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance – These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation – The separate financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated. The separate financial statements have been prepared under the historical cost convention, except for the measurement of certain classes of property, plant and equipment and investment property at revalued amounts according to International Accounting Standard ("IAS") 16 "Property, Plant and Equipment", "IAS 40 "Investment Property".

The Company has prepared consolidated financial statements, on the same basis as presented here a copy of which can be found at the Company's office at 74b Chavchavadze Avenue, 0162, Tbilisi, Georgia.

In addition to issuing consolidated financial statements, the Company has elected, as permitted under IAS 27 "Consolidated and Separate Financial Statements" and local law, to present standalone financial statements. These separate financial statements are presented for the purpose of assessing the Company's separate financial position and the financial results and as a result do not include the consolidation of the Company's subsidiaries and associates.

Investments in the Company's subsidiaries are accounted at cost less impairment.

The principal accounting policies are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The separate financial statements must be viewed in conjunction with the consolidated financial statements of JSC Wissol Petroleum Georgia, which were approved by the Board of Directors and authorized for issue on 29 September 2022.

Investments in subsidiaries and associates – a subsidiary is an entity over which the Company has a control. A control is when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Investments in subsidiaries and associates are accounted at cost in these separate financial statements. Dividends received from a subsidiary or an associate are recognized in profit or loss when the right to receive the dividend is established.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in a subsidiary or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition – Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been pumped to the customer's vehicle or left the warehouse for wholesale process.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company recognizes performance obligation for all of the following offerings at a point in time, The Company has only one performance obligation for each offering.

Revenue is recognised net of value added tax. Revenues are measured at the fair value of the consideration received or receivable. Based on the sales terms revenue figure is further decreased with value or volume discounts and rebates offered to customers.

Dividend and interest income - Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income - The Company's policy for recognition of revenue from operating leases is described below.
Leasing – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

(In thousands of Georgian Lari unless otherwise indicated)

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies – The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Georgian Lari (“GEL”). Transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. All realized and unrealized gains and losses arising on exchange differences are included in the statement of profit or loss and other comprehensive income for the period.

These financial statements are presented in GEL, which is also the Company’s presentation currency.

Rates of exchange – The exchange rates at the year-end used by the Company in the preparation of the separate financial statements are as follows:

	31 December 2021	31 December 2020
USD/GEL	3.0976	3.2766
EUR/GEL	3.5040	4.0233

Short-term and other long-term employee benefits - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Starting from 1 January, 2019 the Company has a legal obligation to make pension amounting to 2% of employee's gross salaries and benefits, which is paid in state pension fund.

Income tax – Income tax expense represents the tax currently payable.

Current tax- In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The changed model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the Company's profit before tax, regardless of the retention or distribution status.

The new profit tax rules are effective as of 1 January 2017, which applies to the Company and the tax base comprise both actual and deemed profit distributions, including the following:

- Distributed profits;
- Expenses incurred or other payments not related to economic activities;
- Gratuitous supplies of goods/services and/or transfers of funds; and
- Representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognized as an expense at the moment dividends are declared and recorded under “income tax” in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities.

Tax imposed on the areas other than distributed profits as described above is recorded under “Taxes and duties” in the statement of profit and loss.

As a result of this legislation, the Company ceased recognising income tax expense when profits are earned and will only incur income tax charges in the event of a distribution of profits.

All deferred tax balances were released and recognized in the statement of profit and loss for the period ended 31 December 2016.

Value added tax - Output value added tax related to sales is payable to tax authorities upon delivery of the goods to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Starting from 31 December 2015, the Management presents the Company's tax balances on net basis, based on the order 407 issued by the Minister of Finance of Georgia dated to 7 December 2015.

Property, plant and equipment – Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the separate statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is not transferred to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the declining method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of the Company's of property, plant and equipment are as follows:

Categories of property, plant and equipment	**Years**
Buildings	7-20
Machinery and equipment	5-7
Vehicles	5
Office equipment	5
Other fixed assets	5-20

Freehold land is not depreciated.

Vehicles, equipment and other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss

arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets acquired separately - Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Investment property - Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period.

Market value of the Company's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Earned rental income is recorded in profit or loss for the year within other operating income. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Impairment of assets – At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been

determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories – Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis (in bases) and on an individual basis (for petrol stations). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Prepayments - Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

Other prepayments are written off to profit or loss when the goods or services relating to The prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets and liabilities – Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the statement of financial position but are disclosed in the separate financial statements when an inflow of economic benefits is probable.

Financial instruments – Financial assets and financial liabilities are recognised in the Company's statement of financial position when a Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets – All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C).

The effective interest method – The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Cash and cash equivalents – Cash and cash equivalents include petty cash, cash with banks, cash in transit, deposits and marketable securities with original maturity of less than three months.

Restricted cash - Restricted cash represents a guarantee deposits held as a collateral with Georgian Banks for loans given to related parties of the Company.

Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and loans disbursed to different counterparties) are measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets - The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Impairment of financial assets – The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The management have concluded that it would require cost and effort to determine the credit risk of each loans and receivables on their respective dates of initial recognition. The Company defined full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3). Issued loans and receivables are allocated to stage 2.

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

For individually assessed loans and receivables the Company estimates the provision amount based on the past experience with the customer, financial condition for the year end and repayment track subsequent to the year. In case the exposure of certain counterparty is not provisioned on individual basis or ECL determined with collective assessment is more than individually assessed, the Company uses collective assessment for such exposures.

The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

Financial liabilities – Financial liabilities of the Company, represented with loans and borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Classification of financial liabilities **-** Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Derecognition of financial liabilities - A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity – Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Share capital – Share capital is recognized at the fair value of the contributions received by the Company.

Dividends − Dividends are recognized in shareholders' equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event and disclosed accordingly.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

Advances received **–** Advances received comprise of cash received in advance for fuel and other advances received. All amounts received in advance are not recorded as revenue until related products have been delivered or services have been provided to customers.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Tax legislation and accounting for provisions

Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest. The Company believes that it has already made all tax payments, and therefore no allowance has been made in the separate financial statements. Tax years remain open to review by the tax authorities for three years.

Revaluation of property, plant and equipment and investment property

(In thousands of Georgian Lari unless otherwise indicated)

Certain groups of property, plant and equipment (land and buildings) are measured at revalued amounts, while investment property is carried at fair value. The date of the latest appraisal was 31 December 2019. The valuation was performed by an independent professional valuation firm. The management worked closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model to ensure they are reasonable and reflect the accurate data. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The management uses market available data to analyse the significance of the changes in fair values. The management concluded that as at 31 December 2021 the fair value of lands and buildings and investment property did not change significantly, thus revaluations were not necessary for such items.

6. REVENUE

During the years ended 31 December 2021 and 2020, revenue was as follows:

	2021	2020
Revenue from sales of fuel	456,107	332,378
Revenue from sales of gas	9,888	9,643
Other revenue	48,530	340
Total	**514,525**	**342,361**

During 2021, Rompetrol Georgia LLC had difficulties in importing petrol in Georgia. Wissol Petroleum Georgia imported and sold petrol to Rompetrol Georgia LLC. Total revenue generated from these sale transactions amounted to GEL 47.9 mln, which is included in Other Revenue. Cost of sale of these transactions amounted to GEL 46.9 mln, which is included in other cost of sales.

7. COST OF SALES

During the years ended 31 December 2021 and 2020, cost of sales was as follows:

	2021	2020
Cost of fuel	412,961	288,969
Cost of gas	6,599	7,304
Other	47,638	457
Total	**467,198**	**296,730**

(In thousands of Georgian Lari unless otherwise indicated)

8. SELLING AND DISTRIBUTION COSTS

During the years ended 31 December 2021 and 2020, selling and distribution costs were as follows:

	2021	2020
Depreciation and amortization	6,176	7,360
Payroll and related charges	5,439	6,218
Utilities	3,788	2,429
Operating lease expenses	1,955	2,593
Storage	1,634	431
Advertising expenses	1,507	1,421
Transportation and fuel	1,499	1,255
Repair and maintenance	596	608
Security expenses	213	195
Communication	99	100
Other	2,834	1,726
Total	**25,740**	**24,336**

9. GENERAL AND ADMINISTRATIVE EXPENSES

During the years ended 31 December 2021 and 2020, general and administrative expenses were as follows:

	2021	2020
Payroll and related charges	12,660	13,487
Bank charges	1,826	1,544
Taxes other than on income	1,097	1,129
Professional services	408	472
Insurance	288	229
Office rent	216	174
Business trip expenses	212	185
Repair and maintenance	174	251
Utilities	139	83
Stationary	137	81
Communication	101	129
Other	598	655
Total	**17,856**	**18,419**

(In thousands of Georgian Lari unless otherwise indicated)

10. OTHER INCOME

During the years ended 31 December 2021 and 2020, other income was as follows:

	2021	2020
Gain on disposal of property, plant and equipment and investment property, net	9,253	6,032
Operating lease income	3,991	3,361
Dividend income	343	346
Penalties	296	20
Income from installation	294	312
Income from realisation of plastic cards	205	82
Transportation service	126	114
Income from advertising	119	821
Insurance income	115	215
Gain from rent concessions	315	661
Gain on derecognition of lease liabilities	253	654
Income from exemption of loan repayment	-	19,870
Other	2,499	1,263
Total	17,809	33,751

On 15 December 2020, settlement deed between the Company and European Bank for Reconstruction and Development was formed related to the original loan agreement dated on 31 May 2014, where the bank and the Company came to accommodation of the repayment of the part of the loan in return for the release by the bank of certain guarantees and security related thereto and the extinguishment of the remaining debt which is outstanding to bank under the loan agreement dated on 31 May 2014. The parties agreed that in case of repayment of USD 5,500 thousand, the remaining principal amount outstanding under the loan agreement after the repayment of USD 5,500 thousand shall be deemed to have been repaid in full and any interest and default interest accrued on the loan. As a result Company incurred income from exemption of loan repayment.

During 2021, the Company exchanged lands and buildings with the Government of Georgia in return of lands. As a result of the transaction, the Company generated a gain of GEL 8,300 thousand, which is included in the gain on disposal of property, plant and equipment and investment property.

(In thousands of Georgian Lari unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2021 and 2020, property, plant and equipment, net of accumulated depreciation, was as follows:

	Land and buildings	Machinery and equipment	Vehicles	Office equipment	Other fixed assets	Construction in progress	Total
Balance at 1 January 2020	**112,066**	**20,710**	**4,947**	**13,221**	**7,931**	**1,992**	**160,867**
Additions	5,193	391	433	375	116	-	6,508
Disposals	(7,503)	(3,351)	(756)	(702)	(1,427)	-	(13,739)
Transfers	1,992	-	-	-	-	(1,992)	-
Balance at 31 December 2020	**111,748**	**17,750**	**4,624**	**12,894**	**6,620**	**-**	**153,636**
Additions	18,107	375	1,289	735	1,752	-	22,258
Disposals	(7,050)	(2,421)	(17)	(507)	(695)	-	(10,690)
Transfers to Investment Property	(12,863)	-	-	-	-	-	(12,863)
Balance at 31 December 2021	**109,942**	**15,704**	**5,896**	**13,122**	**7,677**	**-**	**152,341**
Accumulated depreciation at 1 January 2020	**(89)**	**(12,382)**	**(2,945)**	**(9,206)**	**(4,128)**	**-**	**(28,750)**
Charge for the year	(2,121)	(1,428)	(439)	(845)	(328)	-	(5,161)
Disposals	79	1,682	636	352	679	-	3,428
Accumulated depreciation at 31 December 2020	**(2,131)**	**(12,128)**	**(2,748)**	**(9,699)**	**(3,777)**	**-**	**(30,483)**
Charge for the year	(1,884)	(898)	(482)	(790)	(368)	-	(4,422)
Disposals	37	1,002	11	467	330	-	1,847
Accumulated depreciation at 31 December 2021	**(3,978)**	**(12,024)**	**(3,219)**	**(10,022)**	**(3,815)**	**-**	**(33,058)**
Net carrying amounts							
As at 31 December 2020	**109,617**	**5,622**	**1,876**	**3,195**	**2,843**	**-**	**123,153**
As at 31 December 2021	**105,964**	**3,680**	**2,677**	**3,100**	**3,862**	**-**	**119,283**

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(In thousands of Georgian Lari unless otherwise indicated)

As at 31 December 2021 and 2020, there are no fully depreciated assets.

The Company has pledged its property, plant and equipment to secure bank borrowings (see note 19) with carrying amounts of GEL 119,283 thousand and GEL 123,153 thousand as at 31 December 2021 and 2020, respectively.

The Company's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's land and buildings as at 31 December 2019 were performed by Colliers International, independent valuers not related to the Company. The valuation conforms to International Valuation Standards.

12. INVESTMENT PROPERTY

As at 31 December 2021 and 2020, investment property at valuation was as follows:

	Land	Buildings	Total
Balance at 1 January 2020	**10,927**	**395**	**11,322**
Balance at 31 December 2020	**10,927**	**395**	**11,322**
Transferred from property, plant and equipment	12,863	-	12,863
Disposal	(3,333)	-	(3,333)
Balance at 31 December 2021	**20,457**	**395**	**20,852**

During 2021, the Company exchanged lands and buildings with the Government of Georgia in return of lands. The total carrying value of the assets transferred amounted to GEL 4,100 thousand, out of which the items with the carrying value of GEL 3,333 thousand were previously classified as investment property, while the remaining assets were classified as property, plant and equipment. The fair values of the lands received from the Government totaled GEL 12,863 thousand – the valuation was performed by LEPL Levan Samkharauli National Forensics Bureau. As the lands received are currently held for capital appreciation, they are classified as investment property.

The Company's investment property are stated at their revalued amounts, being the fair value at the date of revaluation. The fair value measurements of the Company's investment property as at 31 December 2019, were performed by Colliers International, independent valuators not related to the Company. The valuation conforms to International Valuation Standards.

The Company has pledged investment property to secure bank borrowings (see note 19) with carrying amounts of GEL 20,852 thousand and GEL 11,322 thousand as at 31 December 2021 and 2020, respectively.

(In thousands of Georgian Lari unless otherwise indicated)

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	Land and buildings	Equipment	Total
Carrying value as at 1 January 2020	**18,796**	**95**	**18,891**
Additions	467	-	467
Disposals	(2,865)	-	(2,865)
Modifications	(295)	-	(295)
Depreciation charge for the year	(1,849)	(11)	(1,860)
Carrying value as at 31 December 2020	**14,254**	**84**	**14,338**
Additions	222	-	222
Disposals	(187)	-	(187)
Modifications	(1,921)	-	(1,921)
Depreciation charge for the year	(1,430)	(11)	(1,441)
Carrying value as at 31 December 2021	**10,938**	**73**	**11,011**

Movements in lease liabilities in 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Lease liability as at 1 January	**20,906**	**23,732**
Recognition of lease liabilities	222	482
Interest expense on lease liabilities	1,909	2,207
Foreign exchange effect	(688)	2,846
Modifications	(1,949)	(295)
Rent concessions received due to Covid 19	(315)	(661)
Termination of lease contract	(440)	(4,041)
Repayment of interest expense	(1,909)	(2,207)
Repayment of lease liabilities	(1,324)	(1,157)
Lease liability as at 31 December	**16,412**	**20,906**

Amounts recognised in statement of profit and loss	**2021**	**2020**
Depreciation expense on right-of-use assets	1,441	1,860
Interest expense on lease liabilities	1,909	2,207
Expense relating to payments not included in the measurement of the lease liability	112	155
Total	**3,462**	**4,222**

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(In thousands of Georgian Lari unless otherwise indicated)

	31 December 2021	
Maturity analysis of Lease Liability	**Amounts payable under finance leases**	**Future finance charges**
Year 1	1,927	1,679
Year 2	1,140	1,529
Year 3	1,347	1,400
Year 4	1,420	1,250
Year 5	1,564	1,089
Onwards	9,014	3,307
Total lease Liability	**16,412**	**10,254**

	31 December 2020	
Maturity analysis of Lease Liability	**Amounts payable under finance leases**	**Future finance charges**
Year 1	2,397	1,921
Year 2	2,354	1,704
Year 3	1,330	1,524
Year 4	1,542	1,393
Year 5	1,609	1,244
Onwards	11,674	4,136
Total lease Liability	**20,906**	**11,922**

14. INVESTMENTS

At 31 December 2021 and 2020, investments were as follows:

	31 December 2021		31 December 2020	
	Value of investment	**Shares held %**	**Value of investment**	**Shares held %**
Investment in subsidiaries				
Wissol Auto Express LLC	17,869	100%	15,431	100%
Wissol Petroleum Georgia Vake LLC	332	50%	332	50%
Wissol-Kochebi LLC	290	100%	290	100%
Canargo Standard Oil Products-Chugureti LLC	56	51%	56	51%
Ertoba 2018 LLC	5,997	100%	7,257	100%
	24,544		**23,366**	
Investment in an associate				
Jachvis Khidi LLC	620	40%	620	40%
Wissol Group LLC	-	33.5%	-	33.5%
Total	**25,164**		**23,986**	

On 27 February 2018 the Company has established a new subsidiary LLC Ertoba 2018 for dealing with funding provided to related parties in the form of loans disbursed. The first contribution made to LLC Ertoba 2018's share capital represents related party balances in the gross amount of GEL 19,400 thousand, which consists of GEL 11,650 thousand non-current accounts receivables and GEL 7,257 thousand issued loans. In 2018 share capital of LLC Ertoba 2018 was subsequently increased to GEL 28,550 thousand in the form of cash by contributing additional GEL 9,150. Additional cash contribution was subsequently issued as a loan to related party –Smart Retail JSC.

(In thousands of Georgian Lari unless otherwise indicated)

From October 2019, the Company has agreed the schedule and started recovery of its related party exposures from Smart Retail JSC. According to the current schedule, Smart Retail JSC has to repay GEL 105 thousand per month, which gradually increases during subsequent years. As a result, the Management has reversed impairment of GEL 1,139 thousand from non-current accounts receivables during 2019.

Charter capital of Ertoba 2018 LLC is decreased monthly by GEL 105 thousand in line with repayment of obligation according to the agreed schedule between Ertoba 2018 LLC and related parties, as far as, recovered amounts are repaid back to JSC Wissol Petroleum Georgia.

As at 31 December 2021 and 2020 gross carrying amount of investment in LLC Ertoba 2018 amounted to GEL 25,715 thousand and GEL 26,975 thousand, respectively.

As at 31 December 2021 and 2020 gross carrying amount of investments in LLC Wissol Auto Express amounted to GEL 25,245 thousand and 22,717 thousand, respectively.

15. INVENTORY

At 31 December 2021 and 2020, inventories were as follows:

	31 December 2021	31 December 2020
Fuel	36,307	38,298
Other	2,387	2,798
Total	**38,694**	**41,096**

16. TRADE AND OTHER ACCOUNTS RECEIVABLE

At 31 December 2021 and 2020, accounts receivable, net of allowance for irrecoverable amount, were as follows:

	31 December 2021	31 December 2020
Trade accounts receivable	13,846	11,349
Other accounts receivable	6,787	4,240
	20,633	**15,589**
Provision for expected credit losses	(7,998)	(4,589)
Total	**12,635**	**11,000**

The average credit period for the Company's customers is nine days.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further credit provision required in excess of the provision for expected credit losses.

(In thousands of Georgian Lari unless otherwise indicated)

Movement in provision for expected credit losses:

	31 December 2021	31 December 2020
Balance at the beginning of the period	**(4,589)**	**(2,625)**
Expected credit loss recognized on receivables	(3,650)	(2,122)
Recovery of expected credit loss	241	158
Balance as at end of the period	**(7,998)**	**(4,589)**

Analysis by aging of trade receivables is as follows:

31 December 2021	less than 30 days overdue	30 to 90 days overdue	91 to 180 days overdue	over 180 days overdue	Total
Estimated total gross carrying amount at default	10,636	1,225	1,208	7,564	**20,633**
Lifetime ECL	(584)	(476)	(992)	(5,946)	**(7,998)**

31 December 2020	less than 30 days overdue	30 to 90 days overdue	91 to 180 days overdue	over 180 days overdue	Total
Estimated total gross carrying amount at default	8,796	1,003	576	5,214	**15,589**
Lifetime ECL	(189)	(244)	(336)	(3,820)	**(4,589)**

17. CASH AND CASH EQUIVALENTS

At 31 December 2021 and 2020, cash and cash equivalents were as follows:

	31 December 2021	31 December 2020
Cash with banks	2,419	935
Cash on hand	48	150
	2,467	1,085
Expected credit loss	-	-
Total	**2,467**	**1,085**

18. SHARE CAPITAL

At 31 December 2021 and 2020, share capital was as follows:

	31 December 2021	31 December 2020
share capital	22,692	24,272
Total	**22,692**	**24,272**

As at 31 December 2021 and 2020 the Company's share capital comprised of 14,181,000 and 14,881,000 common shares with a nominal par value of 1 United States Dollar per share.

(In thousands of Georgian Lari unless otherwise indicated)

All shares have equal voting rights and rights to receive dividends, which are payable at the discretion of the Company. Payment of dividends is subject to withholding tax of 5% and profit tax of 15% from the gross amount of payment. For the years ended 31 December 2021 and 2020 the Company has not declared dividends to its shareholders.

19. LOANS AND BORROWINGS

At 31 December 2021 and 2020, loans and borrowings were as follows:

	Currency	Interest rate	Maturity	31 December 2021	31 December 2020
Secured loans and borrowings:					
JSC TBC Bank	GEL	13.40%	Mar-22	18,159	-
JSC TBC Bank	GEL	13.40%	Feb-22	8,962	-
JSC VTB Bank Georgia	USD	8.00%	Feb-22	7,032	-
JSC Halyk Bank Georgia	GEL	14.00%	Jul-23	5,952	-
Unicredit Bank Austria	USD	1 month Libor + 2.70% + Cost of Funds + Mandatory Costs (if any)	N/A	5,549	16,333
JSC BasisBank	GEL	13.70%	Jan-23	5,005	-
JSC TBC Bank	GEL	13.40%	Feb-22	4,809	13,614
JSC TBC Bank	USD	7.80%	Feb-22	3,422	-
JSC BasisBank	GEL	13.50%	Sep-22	3,189	-
JSC Halyk Bank Georgia	GEL	13.70%	Nov-22	3,164	-
JSC TBC Bank	GEL	Base rate+4.70%	Apr-22	3,152	-
JSC Pasha Bank	USD	9.00%	Oct-23	3,098	3,360
JSC Cartu Bank	GEL	Base rate+4.00%	Mar-23	2,022	-
JSC Pasha Bank	USD	8.50%	Dec-23	1,551	-
JSC BasisBank	USD	10.00%	Oct-25	1,011	1,070
LLC ALMA	GEL	12.20%	Jan-24	239	300
LLC Development	GEL	15.00%	Oct-22	146	-
LLC Alma	GEL	13.40%	Dec-23	62	-
European Bank for Reconstruction and Development (EBRD)	USD	0%	Apr-21	-	18,089
JSC TBC Bank	USD	6-month Libor + 9.50%	Aug-21	-	9,174
JSC Halyk Bank Georgia	GEL	13.00%	Jul-21	-	5,957
Wissol Auto Express	USD	7.80%	Dec-21	-	3,390
JSC TBC Bank	GEL	13.50%	Mar-21	-	3,027
JSC BasisBank	USD	10.00%	Jun-21	-	2,621
JSC BasisBank	GEL	13.00%	Jun-21	-	1,992
JSC TBC Bank/EBRD MCFF	USD	1-Month Libor + 8.50%	Jul-21	-	1,209
JSC TBC Bank	GEL	13.50%	Mar-21	-	1,003
Vellagio LTD	USD	8.00%	Dec-21	-	878
LLC ALMA	USD	10.50%	Dec-21	-	719
LLC Rustavi Mall	GEL	12.20%	Dec-22	-	475
Wissol Auto Express	GEL	11.00%	Apr-21	-	150
JSC BasisBank	GEL	13.70%	Dec-21	-	93
JSC BasisBank	USD	10.00%	Dec-21	-	88
Total loans and borrowings				**76,524**	**83,542**
Long-term portion of loans and borrowings				17,095	1,841
Short-term portion of loans and borrowings				59,429	81,701

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(In thousands of Georgian Lari unless otherwise indicated)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1 January 2021	Financing cash flows (i)	Interest accrued during the year	Interest paid during the year	Foreign exchange loss (Non-cash change)	31 December 2021
Borrowings	83,542	(5,834)	7,707	(7,659)	(1,232)	76,524
	83,542	**(5,834)**	**7,707**	**(7,659)**	**(1,232)**	**76,524**

	1 January 2020	Financing cash flows (i)	Interest accrued during the year	Interest paid during the year	Foreign exchange loss (Non-cash change)	31 December 2020
Borrowings	114,088	(47,282)	8,998	(5,284)	13,022	83,542
	114,088	**(47,282)**	**8,998**	**(5,284)**	**13,002**	**83,542**

i) The financing cash flows represents the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows. Financing cash flows for the year ended 31 December 2021 include GEL 18,089 thousand decrease in borrowing balance due to EBRD loan repayment.

ii) Borrowings have been secured by a pledge over the Company's property, plant and equipment and investment property (see Note 11 and Note 12).

The loans and borrowings are repayable as follows:

	31 December 2021	31 December 2020
Due within one year	59,429	81,701
Total current portion repayable in one year	**59,429**	**81,701**
Due from one year to two years	16,832	775
Due from two years to five years	263	1,066
Due thereafter	-	-
Total	**76,524**	**83,542**

(In thousands of Georgian Lari unless otherwise indicated)

20. FINANCE LEASE LIABILITY

Finance lease liability as at 31 December 2021 and 2020 was as follows:

	31 December 2021	31 December 2020
Current finance lease liability	500	500
Non-current finance lease liability	3,968	4,099
Total	**4,468**	**4,599**

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Due within one year	501	500	142	131
Due from one to five years	2,004	2,503	697	839
Due thereafter	5,512	5,502	3,629	3,629
	8,017	8,505	4,468	4,599
Less: future finance costs	(3,549)	(3,906)	-	-
Present value of minimum lease payments	**4,468**	**4,599**	**4,468**	**4,599**

Finance lease items were Company's (lessor) owned assets, which was sold to LLC MP Property (lessee) in 2015 and leased back as an operating lease. According to the lease agreement, the lessor has a preferable purchase right and herewith, lessee cannot sell the property without authorization of the lessor.

21. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Trade payables for fuel	28,456	25,867
Other	4,967	1,476
Total	**33,423**	**27,343**

22. ADVANCES RECEIVED

Advances received as at 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Advance payments received for fuel	13,852	13,439
Other advance payments received	8,883	1,686
Total	**22,735**	**15,125**

23. FINANCIAL INSTRUMENTS

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. The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Georgia

continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and other financial assets approximate fair values due to their short term maturities.

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Management of the Company considers that the carrying amounts of financial liabilities recorded in the separate financial statements approximate their fair values.

The fair value of cash and cash equivalents was determined using level 1 measurement, while fair value of borrowings was determined using level 2 measurement. Fair values of all other financial assets and liabilities were determined using level 3 measurement. The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique for which comparable market prices have been used. The fair value of fixed and floating rate instruments that are not quoted in an active market was estimated not to be materially different from their carrying amount.

Capital risk management – The Company manages its capital to ensure that entities of the Company will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. Management of the Company reviews the capital structure on a regular basis. Based on the results of this review, the Company takes steps to balance its overall capital structure through the payment of dividends, new share issues as well as taking of new loans and borrowings or redemption of existing loans and borrowings.

(In thousands of Georgian Lari unless otherwise indicated)

The gearing ratio at end of the reporting period was as follows:

	31 December 2021	31 December 2020
Loans and borrowings	76,524	83,542
Cash and cash equivalents	(2,467)	(1,085)
Net loans and borrowings	74,057	82,457
Equity	79,346	74,129
Net debt to equity ratio	93%	111%

To deleverage the Company's operations the Management is taking steps for improving working capital needs by selling some of the non-core assets and use the funds raised to repay some portion of its borrowings. Furthermore the Management works on cost optimization plan to improve the profitability on a long term basis.

Major categories of financial instruments – The Company's principal financial liabilities comprise loans and borrowings, trade and other payables and finance lease liability. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, loans disbursed, deposits with banks and cash and cash equivalents.

	31 December 2021	31 December 2020
Financial assets		
Trade and other accounts receivable	12,635	11,000
Loans disbursed	2,921	1,131
Cash and cash equivalents	2,467	1,085
Total financial assets	**18,023**	**13,216**
Financial liabilities		
Loans and borrowings	76,524	83,542
Trade and other accounts payable	33,423	27,343
Other lease liability	16,412	20,906
Finance lease liability	4,468	4,599
Total financial liabilities	**130,827**	**136,390**

The main risks arising from the Company's financial instruments are foreign currency, interest rate, credit and liquidity risks.

Foreign currency risk – Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure.

(In thousands of Georgian Lari unless otherwise indicated)

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities as at 31 December 2021 and 2020 were as follows:

	31 December 2021		31 December 2020	
	USD	**EUR**	**USD**	**EUR**
	USD 1 = 3.0976 GEL	EUR 1 = 3.5040 GEL	USD 1 = 3.2766 GEL	EUR 1 = 4.0233 GEL
Financial assets				
Short-term loans disbursed	1,003	-	-	-
Cash and cash equivalents	1,110	8	102	10
Total financial assets	**2,113**	**8**	**102**	**10**
Financial liabilities				
Loans and borrowings	21,663	-	56,931	-
Trade and other accounts payable	15,455	-	3,339	77
Other lease liability	11,922	-	19,932	-
Finance lease liability	4,468	-	4,599	-
Total financial liabilities	**53,508**	**-**	**84,801**	**77**
Total net position	**(51,395)**	**8**	**(84,699)**	**(67)**

The table below details the Company's sensitivity to strengthening/weakening of functional currency against foreign currencies by 20% as at 31 December 2021 and 2020. The analysis was applied to monetary items at the reporting date denominated in respective currencies.

As at 31 December 2021:

	USD impact		EUR impact	
	USD/GEL + 20%	**USD/GEL – 20%**	**EUR/GEL + 20%**	**EUR/GEL – 20%**
(Loss)/profit before tax	(10,480)	10,480	2	(2)

As at 31 December 2020:

	USD impact		EUR impact	
	USD/GEL + 20%	**USD/GEL – 20%**	**EUR/GEL + 20%**	**EUR/GEL – 20%**
(Loss)/profit before tax	(16,940)	16,940	(13)	13

Interest rate risk – Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Company. The Company does not use any derivatives to manage interest rate risk exposure. The Company is exposed to interest rate risk as entities in the Company borrow funds at both fixed and floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 3% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

- Profit before tax for the year ended 31 December 2021 would decrease/increase by GEL 321 thousand. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Limitations of sensitivity analysis – The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Credit risk – Credit risk is the risk that a customer may default or not meet its obligations to the Company on a timely basis, leading to financial losses to the Company. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables and loans disbursed) and from its financing activities, including accounts with banks and related parties, foreign exchange transactions and other financial instruments.

The credit risk on cash and cash equivalents and deposits with banks is limited because the counterparties are banks with positive credit ratings. For cash and cash equivalents, restricted cash and balances with banks the ECL is calculated using benchmarking the exposure to the risk of default according to the research produced by the international credit agencies (Moody's).

The Company classifies its exposures as either individually significant or non-significant for the purpose of loss allowance recognition and measurement. Exposure is classified as individually significant if the based on past history Company had a difficulties recovering exposure from the customer and struggles with significant overdue. In case the exposure of certain counterparty is not provisioned on individual basis or ECL determined with collective assessment is more than individually assessed, the Company uses collective assessment for such exposures.

(In thousands of Georgian Lari unless otherwise indicated)

For financial assets or contract assets that do not contain a significant financing component, the Company uses simplified approach of ECL calculation. Under the simplified approach the Company either classifies financial assets into stage 2 or stage 3. The Company measures the loss allowance for financial assets at an amount equal to lifetime ECL.

For trade and other receivables the expected credit losses are estimated by reference to past default experience of the debtor, financial condition for the year, an analysis of the debtor's overdue days and migration between overdue buckets for the past 3 years.

For loans disbursed the expected credit loss is individually reviewed and calculated based on the past default experience of the debtor and financial condition for the year.

The expected credit loss on financial assets are estimated by multiplying probability of default by loss given default and by exposure at default.

The Company allocates exposures into stages based on the quantitative and qualitative assessment at each reporting date. Such quantitative and qualitative assessment includes:

Stage 3 – a) Exposure selected for collective assessment with past due days more than 90 is allocated into stage 3; b) Other qualitative information indicates that the counterparty will not be able to repay the debt without enforcement activities.

Stage 2 - Exposures that do not meet stage 3 definition is allocated into stage 2.

Liquidity risk – Liquidity risk is the risk that the Company will not be able to settle all liabilities as they are due.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as at 31 December 2021 and 2020. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Less than 1 year	From 1 year to 2 years	From 2 years to 5 years	5+ years	Total
31 December 2021					
Non-interest bearing	33,423	-	-	-	33,423
Interest rate instruments	67,107	21,076	9,849	17,833	115,865
	100,530	**21,076**	**9,849**	**17,833**	**149,288**
31 December 2020					
Non-interest bearing	27,343	-	-	-	27,343
Interest rate instruments	88,936	5,118	12,485	23,992	130,531
	116,279	**5,118**	**12,485**	**23,992**	**157,874**

(In thousands of Georgian Lari unless otherwise indicated)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

24. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Related parties include shareholders, associates and entities under common ownership and control with the Company and members of key management personnel. Key management personnel is composed of: head and members of supervisory board; general director, and head of departments.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions with related parties:

	31 December 2021		
	Shareholders' associates and entities controlled by them	**Other**	**Total**
Finance lease liability	4,468	-	4,468
Deferred revenue	1,540	-	1,540
Trade and other accounts receivable	1,908	-	1,908
Trade and other accounts payable	250	-	250
Other lease liabilities	3,820	-	3,820
Loans disbursed	2,921	-	2,921
Revenue	196	-	196
Purchases	6,464	-	6,464
Finance income	145	-	145

	31 December 2020		
	Shareholders' associates and entities controlled by them	**Other**	**Total**
Finance lease liability	4,599	-	4,599
Deferred revenue	1,662	-	1,662
Trade and other accounts receivable	1,347	-	1,347
Trade and other accounts payable	146	-	146
Other lease liabilities	5,751	-	5,751
Loans disbursed	1,133	-	1,133
Revenue	191	-	191
Purchases	309	-	309
Finance income	12	-	12

The compensation of the key management personnel, represented with short-term employee benefits, for the year ended 31 December 2021 and 2020 was GEL 4,883 thousand and GEL 4,013 thousand, respectively. Some of the directors are performing key management roles both in Wissol Petroleum Georgia, as well as, in Wissol Auto Express (subsidiary). Salaries and other benefits included in the key management remuneration above, which is paid from Wissol Auto Express equals GEL 260 thousand and GEL 1,300 thousand for the years ended 31 December 2021 and 2020, respectively.

25. COMMITMENTS AND CONTINGENCIES

Commitments – The Company had no material commitments outstanding as at 31 December 2021 and 2020.

Legal proceedings - From time to time and in the normal course of business, claims against the Company are received from citizens and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these separate financial statements.

Taxes – The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and if the authorities were successful in enforcing their own interpretations, the effect on these separate financial statements could be significant. On 21 February 2017 the Audit Department of the Revenue Service of the Ministry of Finance of Georgia issued order #4187 to the Company and tax audit of the Company's financial information has been performed covering the period 1 January 2014 to 1 January 2017. As of the date of issuing these separate financial statements these periods are closed for the future review.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during last couple of years paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of reduction or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Georgian economy.

Pandemic is at the phase of vaccination all over the world including Georgia that will have a positive effect on economy.

Management is unable to predict all developments which could have an impact on the Georgian economy and consequently what effect, if any, they could have on the future financial position of the Company. Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business.

26. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, war in Ukraine was started. Subsequent to these events, the US, UK, EU and other countries announced an extension of sanctions on certain Russian officials, businessmen and companies.

Management of the Group is monitoring developments in the economic and political situation and taking measures it considers necessary in order to support the sustainability and development of the Group's operations for the foreseeable future. However, the consequences of these events and related future changes should not have any impact on the Group's operations.

In March 2022 short term loans from JSC TBC Bank denominated in GEL amounted 38,331 thousand was repaid and new long term loans were received from JSC TBC Bank denominated in EUR in the amount of GEL 38,299 thousand due in September 2023.

In May 2022 short term loan from JSC VTB Bank denominated in GEL amounted 7,017 thousand was prolonged due in November 2022.

In May 2022 new short term loan was obtained from JSC TBC Bank denominated in USD amounted GEL 9,077 thousand due in November 2022.

In May 2022 new credit line agreement was signed with JSC Pasha Bank denominated in USD with GEL 2,000 thousand limit.

In January 2022 short term credit line loan from Unicredit Bank Austria denominated in USD was paid in the amount of GEL 5,553 thousand.

27. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The separate financial statements were approved by the Board of Directors and authorized for issue on 29 September 2022.

SEPARATE MANAGEMENT REPORT

Overview of Operations

JSC Wissol Petroleum Georgia (hereinafter Wissol or the Company) is a joint stock company registered by Tbilisi Didube-Chugureti District Court on 11 April 2000.

Chartered capital of the Company amounts to GEL 22,692 thousand. The chartered capital is divided into 14,181 thousand ordinary nominal shares of nominal value of USD 1 (one US Dollar) each.

Shareholders of the Company comprise:

- Wissol Holding B.V. LLC (the Netherlands) - 61.96%
- Standard Oil Holding LLC (Georgia) - 10.86%
- Levan Pkhakadze (Georgia) - 2.18%
- Helvetia Petroleum Holding B.V. LLC (the Netherlands) - 25%

The Group is managed by General Shareholders' Meeting, Supervisory Board and Director General.

The Supervisory Board comprises of three members:

- Samson Pkhakadze, chairman
- Levan Pkhakadze, member
- Nugzar Abramishvili, member

As at 31 December 2021, the Company held shares in the following subsidiaries and associates (collectively the Group):

- Wissol Auto Express LLC - 100%, servicing and sale of car's spare parts, brakes, batteries, oil and tires;
- Wissol Petroleum Georgia Vake LLC - 50%, petrol station leasing to Wissol;
- Jachvis Khidi - 40% (associate), petrol station leasing to Wissol;
- LLC Canargo Standard Oil Products-Chugureti - 51%, dormant;
- Wissol-Kochebi LLC - 100%, dormant;
- Wissol Group LLC - 33.5% (associate), advertising;
- Ertoba 2018 LLC – 100%, collection of debts from related parties.

Group's operations include:

- Construction and further operation of state of the art petrol stations;
- Purchase, import, export, transit, storage, processing and sale of oil and oil products;
- Servicing of vehicles and cars;
- Purchase, transit, storage, processing and retailing of gas and gas products.

At the end of 2021, the number of employees in JSC Wissol Petroleum Georgia was 1,123.

As at the end of 2021 the Company operated 120 stations: 117 petrol stations (77 own, 39 rented and 1 rented from a subsidiary), out of which 10 are combined petrol and gas stations and 3 standalone gas stations (2 own, 1 rented).

Main Financial Indicators and Covid-19 Effects

In 2020 the Company's profit from continuing operations was GEL 3,474 thousand. Furthermore, in 2021 profit increased by GEL 3,323 thousand and comprised GEL 6,797 thousand, a significant contributor to which were (a) significant increase in sales due to higher prices and demand on fuel and (b) decrease in foreign exchange loss because of strengthening of Georgian Lari.

In order to further increase its profitability in 2022 the Company plans to continue reducing its administrative and other expenses through optimizing some of the activities the Company undertakes. In addition, the Company has implemented additional activities to decrease buffer inventory balances (i.e. store inventory for not more than the next month sales, instead of stocking for 2-3 months) and improve cash flows. The activities should allow the Company to shorten working capital requirements and re-direct the funds more to de-leverage the Company.

Further evaluation of GEL/USD exchange rate and unveiling of Covid-19 restrictions had an overall positive effect on Company's operations. The Company recorded 5% growth in liters in 2021. Moreover, the Company recorded foreign exchange gain of GEL 1,732 thousand, instead of PY loss of GEL 17,335 thousand.

Sales revenue has been affected more significantly due to very large fluctuation in prices of petroleum on the international market that occurred in 2021. Platts increased by more than 60%. The fact caused increase in sales price locally and as a result, further increased revenue amount.

As for administrative expenses, the Company has decreased salaries, while slightly increasing advertising and marketing expenses.

Research and Development

The Company didn't implement any research and development projects in 2020 and 2021 years.

Overview of Credit, Market, Liquidity and Cash Flow Risks and Risk Management Controls

Credit Risk

Credit risk affects trade receivables from the customers of the Company. The trade receivables are shown in the financial statements including the impairment allowance. The Company's customers are represented by retail and corporate customers. Based on customers repayment history the Company reviews certain customers individually for potential impairment. Counterparty balances, which are not individually provisioned or does not fall into individual review pool are assessed collectively. The Company conservatively assumes that probability of default for exposures over 90 days overdue is 100%. For collective assessment the management takes into account the past experience of collectability available from internal or external sources.

The Company constantly monitors its receivables, assessing the financial position of the counterparty and making an operational decision to withhold the credit, renegotiate the terms, present a bill of payment, etc. To manage the risk, the Company has created a task force comprising: Director General, Director of Operations, Director of Sales and Director of Finance, who convene informally on a regular basis to discuss the Company's credit risks and its portfolio. As at 31 December 2021, the Management of the Company believes, that there was no necessity to create any additional provisions apart from the impairment provision recorded in the separate financial statement.

Market Risk

Market risks arise from the competitive fuel market created by other brand or non-brand chains. The retail and corporate market for fuel is highly competitive and is represented by brand and non-brand petrol stations. The Company competes with in both sectors by price and quality, as well as, variety of services offered (self-service stations, markets linked to stations, different types of billing for corporate customers, discounts, etc.). The Company also monitors on a daily basis market pricing policy, terms of corporate sales, discounts, its own margins and respond appropriately to the market. The Company also works actively to meet the demand for improvement of the existing services to make the Company's products attractive and desirable for the customers.

The stability of Gross profit per liter shows that price competition isn't significantly affecting the Company.

Liquidity and Cash Flow Risks

Liquidity has been a risk for the Company primarily due to large borrowings that has increased the leverage historically. To improve the leverage of the Company's operations, the Management started disposing of its auxiliary, non-core assets. The funds raised from the sales of respective assets have been directed towards coverage of the obligation and allowed the Management to concentrate on development of core business.

Furthermore, as mentioned above, the Company has decreased its debtors collection days and buffer inventory levels, which on its turn, generated another source to support the daily operations. Also freed up working capital funds were directed to cover the short term borrowings in 2021.

During the 2020 and 2021 years and subsequent to the reporting date management managed to extend maturity dates for the significant part of the loan portfolio, which significantly improved liquidity gap of the Company in subsequent to the reporting date.

Operational Risk

In order to minimize its operational risks, the Company has the monitoring department, which constantly monitors balances of fuel, balances of cash and other assets in the Company's warehouses and petrol and gas stations. The Company conducts monitoring of stocks on monthly basis at stations and weekly at warehouses.

In addition, petrol stations have automated systems equipped with electronic meters to measure the amount of fuel in the tank. In case of tank damage or fuel leakage, the station manager or any other authorized person can detect the damage and respond accordingly.

The Company is also insured against indemnity for third party property and health to avoid any unforeseen charges.

Financial Risk-Related Goals and Management Policy

Two other risks that affect the Company's operations apart from those discussed above are currency risk and risk of change international purchase prices. Currency risk arises from the majority of the Company's borrowings being denominated in USD, while the revenues are collected in GEL (despite pricing changes in accordance with the exchange rate). Changes in exchange rates is reflected in retail and corporate sales prices for all market players. The Company has converted most of its debt to GEL.

During the 2021 year and subsequent to the reporting date management managed to restructure significant part of the loan portfolio and replaced loans denominated in USD with loans denominated in the national currency, which will help to decrease foreign exchange loss incurred on loans obtained in foreign currency.

International prices for the purchased oil fluctuate daily based on daily Plats price movement (Platts, European MarketScan, by S&P Global). Plats is established daily, except for weekends and bank holidays and is based on the price of one metric ton of ready product. Products are purchased in US Dollar and sold in retail and corporate chains in GEL, however obviously price is recalculated frequently to reflect both the Platts and the exchange rate. The risk is partially addressed by an even distribution of purchases throughout the year (and storages similar to competitors – so that competitors also adjust prices accordingly).

Plans for Development

The Company's development plan envisages (a) further deleveraging and (b) further upgrade of CRM/IT and Station Control systems (so that there is more flexibility in offers to both retail and corporate customers and more controls).