ANNUAL

REPORT 2020

PETROL

Energy for life

Petrol, Slovenska energetska družba, d.d., Ljubljana Dunajska cesta 50, 1000 Ljubljana, Slovenia

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ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA, 2020

STATEMENT OF THE MANAGEMENT BOARD

Pursuant to Article 60 a of the Companies Act, members of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana represent that the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2020, including the corporate governance statement and the non-financial statement, has been prepared and published in accordance with the Companies Act, the Financial Instruments Market Act and International Financial Reporting Standards as adopted by the EU.

As provided in Article 110 of the Financial Instruments Market Act, members of the Management Board of Petrol d.d., Ljubljana, which comprises Nada Drobne Popović, President of the Management Board, Matija Bitenc, Member of the Management Board, Jože Bajuk, Member of the Management Board, Jože Smolič, Member of the Management Board, and Zoran Gračner, Member of the Management Board and Worker Director, declare that to their best knowledge and belief:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2020 has been
 drawn up in accordance with International Financial Reporting Standards as adopted by the
 EU and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other consolidated companies as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2020 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other consolidated companies are exposed to as a whole.

Nada Drobne Popović President of the Management Board Matija Bitenc Member of the Management Board Jože Bajuk Member of the Management Board **Jože Smolič**Member of the
Management Board

Zoran Gračner
Member of the
Management Board
and Worker Director

Ljubljana, 11 March 2021



mag. Nada Drobne Popović, President of the Management Board



mag. Matija Bitenc, Member of the Management Board



mag. Jože Bajuk, Member of the Management Board



Jože Smolič, Member of the Management Board



mag. Zoran Gračner,Member of the Management Board and Worker Director

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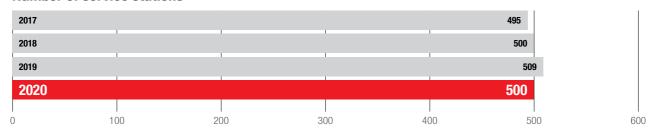


BUSINESS HIGHLIGHTSOF 2020

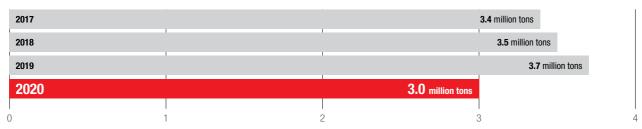
		RESULTS		2020 / 2019
THE PETROL GROUP	UNIT	2020	2019	Index
Sales revenue	EUR million	3,079.4	4,375.9	70
Adjusted gross profit ¹	EUR million	426.9	472.9	90
Operating profit	EUR million	91.6	128.1	72
Net profit	EUR million	72.3	105.2	69
Equity	EUR million	826.7	811.3	102
Total assets	EUR million	1,792.1	1,859.6	96
EBITDA ¹	EUR million	166.6	196.5	85
EBITDA/Adjusted gross profit ¹	%	39.0	41.6	94
Operating costs/Adjusted gross profit ¹	%	85.8	73.2	117
Net debt/Equity ¹		0.40	0.44	90
Net debt/EBITDA ¹		2.0	1.8	108
ROE ¹	%	8.8	13.5	65
ROCE ¹	%	7.4	11.8	63
Added value per employee ¹	EUR thousand	56.8	64.4	88
Earnings per share	EUR	35.2	51.2	69
Share price as at last trading day of the year	EUR	325.0	375.0	87
Volume of petroleum products sold	million tons	3.0	3.7	81
Volume of liquefied petroleum gas sold	thousand tons	148.8	176.4	84
Volume of natural gas sold	TWh	27.2	21.5	126
Electricity sold	TWh	19.9	22.6	88
Revenue from merchandise sales	EUR million	446.9	459.5	97
Number of service stations as at last day of the year		500	509	98
Number of employees (including third-party managed service stations) as at last day of the year		5,157	5,275	98

¹ Alternative performance measure (APM) as defined in chapter Alternative Performance Measures.

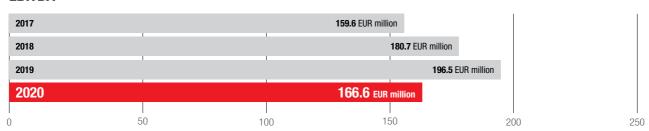
Number of service stations



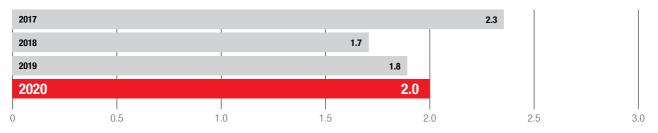
Volume of petroleum products sold



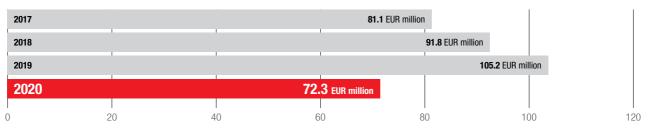
EBITDA



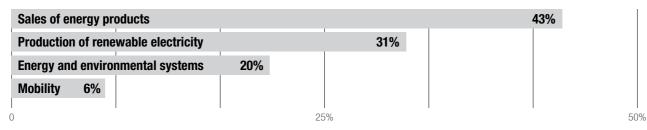
Net debt/EBITDA



Net profit



Breakdown of the Petrol Group's investments in 2020



LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear shareholders, business partners and co-workers,

The year 2020 is behind us. It was a year marked by the Covid-19 pandemic, which had a profound impact on our way of life. Do you remember when you popped to Petrol to buy tickets to a concert of your favourite band or ski passes, when you met your business partners or friends at a "Petrol bar", or when you not only refuelled your car at Petrol's point of sale on your way to a trip to the seaside or the mountains, but also had the best coffee-to-go and a delicious sandwich from our ample Petrol Fresh range? What we took for granted until the beginning of March 2020 has suddenly become beyond reach or accessible in quite different ways.

In the first two months of 2020, the Petrol Group's operations continued without disruption and according to plans. In March 2020, however, we faced the emergence of the worst pandemic in the past 100 years. Fighting an unknown disease has become part of our everyday life. At Petrol, the spreading of the coronavirus has been closely monitored since it first appeared, and all measures were taken as necessary in terms of the organisation of work to ensure business continuity. Initially, our primary concern was to ensure the health of our customers and employees. We set up a coronavirus coordination team, which is in charge of all necessary measures for protecting staff and of preparing plans, policies, directives and notices that have been introduced and implemented since the outbreak of the Covid-19 pandemic, in line with the spreading of the infection. Petrol's priority was also to ensure operations at all sites with minimum disruption, thus allowing for important supply of energy products across the country. We can say this has been fully achieved. Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply. In addition to the pandemic, Croatia, which is Petrol's second largest sales market, was hit by two earthquakes, the first in Zagreb in March and the second in Petrinja at the end of 2020. Petrol's service stations are built in accordance with all regulations on earthquake resistant structures and were not damaged; we merely suffered a power outage and information network failure, and stock fell off the shelves. However, some employees sustained greater damage, and we came to their aid in solidarity.

Although 2019 was a record year, the Petrol Group set even more ambitious goals for 2020. The business in the first two months of 2020 was proof that we are on the right track. The business environment deteriorated considerably, however, as the pandemic began. Already when drawing up plans at the end of 2019, the Petrol Group was aware of the possibility that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond its direct control and may pose a risk or a threat when it comes to meeting the targets. Because a natural disaster of such magnitude and the resulting economic crisis could not had been predicted, the Petrol Group did not meet its planned operating targets in 2020.

To fight the pandemic, countries have introduced various measures, many of which have been restricting movement and thus negatively affecting petroleum product sales, which is our core business. In 2020 the Petrol Group generated EUR 3.1 billion in sales revenue or 30 percent less than in 2019. Gross profit stood at EUR 426.9 million, a decrease of 10 percent relative to 2019.

EBITDA totalled EUR 166.6 million and was 15 percent lower than in 2019. Net profit for 2020 stood at EUR 72.3 million, which was 31 percent less than in 2019.

The Petrol Group was in a very good business and financial condition before the pandemic, and it was confirmed that Petrol is adequately prepared for the crisis, having an extensive sales network, various distribution channels and different energy products. Due to the pandemic-related crisis we decided to review business activities in detail, both in terms of profitability and cost efficiency, which will help us lay even stronger foundations for our business in the future. Despite the difficult business conditions, we continued to pursue our strategic objective of ensuring stable operations, also by maintaining an appropriate debt to EBITDA ratio, which stood at 2.0 in 2020. Our financial stability is also recognised by Standard & Poor's Rating Services, which reaffirmed our "BBB-" long-term credit rating, our "A-3" short-term credit rating and our "stable" credit rating outlook in June 2020.

A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. The Management Board of Petrol d.d., Ljubljana advocates a stable long-term dividend policy, which fits best the Petrol Group's long-term development targets. Despite the pandemic, Petrol d.d., Ljubljana paid out the highest dividends to date in 2020, amounting to EUR 22.0 per share (gross).

An important milestone in 2020 was the deregulation of petroleum product pricing from 1 October onwards in Slovenia, which is still Petrol's largest sales market.

Shopping habits are changing and we are responding to these changes. The onset of the pandemic has accelerated trade development trends. All the digital solutions we have developed, from the online shop and contactless payment to the mobile application Na poti (On the Go), are solutions that recorded high growth in 2020. We adapt the product and service range to customer demands and at the same time constantly inform them about the novelties we have introduced. We keep up with the times, offering services such as parcel collection at our points of sale as well as deliveries.

In the second half of 2020, we began drafting Petrol Group's strategy for the period 2021 – 2025, which was adopted at the end of January 2021 and is more thoroughly described in this report. The environment in which the Petrol Group operates is facing important changes. Energy transition towards a low-carbon company and the development of new technologies are transforming established ways of how energy products are produced, sold and used. Petrol is committed to making a transition to green energy and is making significant investments to achieve it. While co-creating opportunities brought about by the energy transition we will also continue to supply the market with hydrocarbons. The strategy is our response to the challenges faced by the energy and trade sectors. The vision of the Petrol Group is to become an integrated partner in the energy transition offering an excellent user experience. Thanks to the transformation of the operational model and new competences acquired, the Petrol Group will put the customer in the centre, providing it with an excellent user experience across traditional and digital channels.

Together we are creating a low-carbon future. We see the bigger picture: a safe and healthy home for us and future generations. Our mission is to pave the way to that goal with you. That is why Petrol develops the most advanced fuels with fewer emissions, provides for environmentally friendly mobility, co-creates energy-efficient cities, businesses and homes, and increases the share of renewable energy sources. We build partnerships based on the trust in all who share this planet with us.

By investing in renewable energy sources, we contribute to the achievement of binding European goals. Renewable energy sources are crucial for the future of all of us, seeing as they enable meeting the key energy needs of mankind. What is more, they will not be depleted in the long run and they have a smaller negative impact on the environment and thus on the future of our planet. In 2020 we invested in the construction of the Ljubač wind farm, which will provide "green sustainable energy" for 20 thousand average households. It is scheduled to start operating in the first half of 2021.

In line with its commitment to sustainable progress, Petrol is assuming a key role in the breakthrough of mass electromobility in Slovenia and Croatia. In 2020 we continued to develop and expand the electric vehicle charging infrastructure.

The health crisis that triggered the economic crisis has changed our daily lives immensely. This was also experienced by Petrol's employees. When the pandemic broke out, the primary concern was to protect the health of customers and employees. Good organisation was crucial in securing uninterrupted operation of all points of sale. Other employees worked from home if possible and they were equipped to do so in a very short time, taking into account all safety protocols. The pandemic was a surprise but at the same time it brough to the fore the good, selfless response of our employees. Everyone contributed to the best of their ability to ensure that the Petrol Group operated as smoothly as possible.

The year 2020 was also marked by preparations to acquire two companies which fit Petrol's orientation towards comprehensive energy supply. In January 2021, we finalised the acquisition of a 100-percent interest in E 3 d.o.o., an electricity supplier, after suspensive conditions had been fulfilled. To strengthen our core business and presence in the region, we also launched the process of acquiring Crodux Derivati Dva d.o.o. In January 2021, an acquisition agreement was signed and the transaction will be completed following the fulfilment of suspensive conditions, which include obtaining approvals from the relevant competition authorities. This is the largest transaction of Petrol d.d., Ljubljana in the past 10 years and represents the most significant one-time increase in the number of points of sale in the Petrol Group's history.

The year 2020 was extremely challenging. We are proud to have overcome the crisis and at the same time lay even firmer foundations for our business in the future. We will emerge from the crisis in an even better shape. And we know how to achieve this.



Dubue

Nada Drobne PopovićPresident of the Management Board





STRATEGIC ORIENTATION

Our mission

Through a broad range of energy products, comprehensive energy solutions and digital approach, we are putting the user at the centre of our attention. We want to become the first choice for shopping on the go. Together with our partners, we create solutions for a simpler transition to cleaner energy sources. We are building a green energy future in a decisive and active manner, increasing the value for our customers, shareholders and society over the long term.

Our promise

Through energy transition, we create a green future and make a significant contribution to protecting our environment.

Our vision

To become an integrated partner in the energy transition, offering an excellent user experience.

Our values

Respect: We respect fellow human beings and the environment.

Trust: We build partnerships through fairness. **Excellence:** We want to be the best at all we do. **Creativity:** We use our own ideas to make progress. **Courage:** We work with enthusiasm and heart.

At Petrol, we feel a strong sense of responsibility towards our employees, customers, suppliers, business partners, shareholders and the society as a whole. We meet their expectations with the help of motivated and business-oriented staff, we adhere to the fundamental legal and moral standards in all markets where we operate, and we protect the environment.

Strategy of the Petrol Group for the period 2021 - 2025

On 28 January 2021, the Supervisory Board of Petrol d.d., Ljubljana approved the Strategy of the Petrol Group for the period 2021 – 2025. Ensuring business growth and increasing the profitability of operations while maintaining the commitment to sustainable development are the main principles underpinning the preparation and implementation of the strategic plan.

The Petrol Group's strategy for the period 2021 – 2025 is an overarching development document defining the path to a successful future based on the Group's vision, goals and strategic business plan.

The environment in which the Petrol Group operates is facing important changes. Energy transition towards a low-carbon company and the development of new technologies are transforming established ways of how energy products are produced, sold and used. Petrol is committed to making a transition to green energy and is making significant investments to achieve it. While co-creating opportunities brought about by the energy transition we will also continue to supply the market with hydrocarbons.

The new strategy of the Petrol Group defines clear targets for implementing our vision to become an integrated partner in the energy transition, offering an excellent user experience. This helps us

focus on our core business, which it to supply energy products, as it is this area where we still see great potential and opportunities in connection with the energy transformation.

Creating and cultivating relationships with customers is our priority and we will continue to strengthen our sales network in the region as a result. Thanks to new digital channels, a broader range of energy products and personalised offer, we will be even closer to our customers, helping them to make a transition from traditional energy sources to cleaner renewable energy. Our aim is to become a key link in a broader ecosystem by offering energy sources that are adapted to and co-shape the market. For this reason, we will increase operational efficiency to free up additional funds for investments in renewable energy production.

The Petrol Group recognises the importance of sustainable development. The transition to a low-carbon energy company, partnership with employees and the social environment, and the circular economy constitute the Petrol Group's business commitments in this strategic period. As a partner to industry, public sector and households, Petrol is assuming a leading role in achieving the environmental goals.

Through continuous development of fuels, we will actively contribute to reducing emissions. At the same, we will help to reduce the carbon footprint of both the Petrol Group and our customers by pursuing clear sustainable policies.

Thanks to improved internal processes, new competences and empowered employees, we will be even more proactive in addressing the current and future needs of our customers in the energy industry and adapt our operations to the user, who is at the centre of our attention. We want to become the first choice for shopping on the go.

In this strategic period, we will remain present in all markets, focusing on:

- · Slovenia, where we will consolidate our position of a leading energy company and partner in the energy transition;
- · Croatia, where we will use our sales network to expand our portfolio of customers in the field of energy products and energy transition services and invest in renewable electricity production;
- · Serbia, where we will increase our share in the energy product sales market.

We will work to remain the first choice for energy transition projects in the region by offering integrated services with high added value. We will develop and strengthen our presence in the supply and sale of natural gas and electricity, in the sale of liquefied petroleum gas and in energy efficiency projects. Renewable electricity production, where we will position ourselves to become a major supplier in SE Europe, plays a particular role in the energy transition.

The development of new solutions in the field of electric mobility and mobility services constitutes an important pillar of Petrol's sustainable and innovative business. When it comes to mobility, the Petrol Group focuses on two segments. The first segment is linked to the charging infrastructure, which means setting up, managing and maintaining the infrastructure for the charging of electric vehicles as well as providing the charging service. The second segment is comprised of mobility services, such as operating leases, fleet electrification and fleet management services.

In 2025, EBITDA is planned to total EUR 336 million, with net profit amounting to EUR 180 million. The net debt to EBITDA ratio is planned to be less than 1. In the period from 2021 to 2025, we plan to invest a total of EUR 698 million, of which more than 35 percent will be dedicated to the energy transition and thus to carbon footprint reduction. As for other investments, the greater part will be allocated to expanding and upgrading our retail network and to digitalising our business.

Financial projections take into account the impact of Covid-19 in the first quarter of 2021 and assume that the vaccination coverage of the population will have been achieved by mid-2021. In accordance with the projections of international financial institutions, economic recovery is expected to be V-shaped.

By achieving the goals, we will strengthen long-term financial stability of the Petrol Group. Through a stable dividend policy, we will ensure a balanced dividend yield for shareholders and the use of

free cash flows to finance the Petrol Group's investment plans. This will allow for long-term growth and development of the Group, maximising its value for the owners. The dividend policy target for the strategic period 2021 – 2025 is 50 percent of the Group's net profit, taking into account the investment cycle, Group indicators and the achieved objectives.

The main targets for 2025 are as follows:

- · Sales revenue of EUR 4.7 billion (the 2025 sales revenue figures rely on the assumption that energy product prices will match the levels used in the plans for 2021)
- · EBITDA of EUR 336 million
- · Net debt/EBITDA < 1
- · Net profit of EUR 180 million
- Total investments in fixed assets of EUR 698 million in the period 2021 2025, of which 35 percent in energy transformation
- · Renewable electricity production output of 160 MW
- · Retail network consisting of 627 service stations
- · 1,575 charging points for electric vehicles
- Energy savings of 73 GWh for end-customers in the period 2021 2025

Petrol as the ambassador of corporate integrity

Petrol will meet its targets while complying with applicable regulations and the Corporate Integrity Guidelines. In the pursuit of our work, we will abide by high standards of business ethics and build corporate culture promoting lawful, transparent and ethical conduct and decision-making by all staff. We will raise and consolidate the awareness of how important compliance is among employees and business partners. We will apply the zero tolerance principle to unlawful and unethical conduct of employees and business partners.

PLANS FOR 2021

In 2020 the world was faced with a pandemic that also had a significant impact on the operations of the Petrol Group. All countries have observed a significant drop in economic activity. Among the measures to curb the pandemic, many measures had to do with the restriction of movement, both during the first and the second wave of the pandemic. In addition to the fall in economic activity, this has had a further negative impact on transport, causing the sales of petroleum products to decrease.

The Petrol Group responded to the pandemic crisis in a comprehensive manner. Initially, activities were focused on ensuring the health of customers and employees, on the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities, however, have had a long-term focus so that the Petrol Group can operate without interruption in a very different business environment. In 2020 we paid particular attention to optimising costs and streamlining operations, which was also reflected in the plans for 2021.

The Petrol Group operates in two highly competitive industries – energy and trade.

Besides trends in the area of energy and commerce, the Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In 2021 the economic situation will be significantly affected by economic recovery following the pandemic, and this will in turn be reflected in petroleum prices. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market. Another factor are measures taken by countries to contain the pandemic, as shown when it had first emerged.

Energy market participants are presented with vast challenges and change. On the one hand, they have to deal with an extremely difficult systemic transition to renewable supply sources, while on the other, a considerable shift can be observed in the behaviour of end customers, who are becoming increasingly engaged and environmentally conscious. As a main energy company in Slovenia and in SE Europe, the Petrol Group took on an active role in increasing energy independence, energy efficiency and the share of renewables. In 2021 the Petrol Group will continue to work to reduce its carbon footprint.

The sales of merchandise and services make up an important part of the Group's revenue, which is why the situation in the trade sector has a major impact on operations. The Group participates in the development of the trade sector, which is changing the purchasing habits of consumers and distribution channels through the digitalisation of business. The pandemic has further highlighted the need to reduce and control costs and to optimise supply and sales chains, thereby ensuring point-of-sale profitability.

Providing a full range of customer-focused products and services together with an excellent shopping experience is at the heart of Petrol's operations. As we try to approach our customers in innovative ways, we also change and enhance our internal operating processes which enable us to develop new solutions and sustainable models.

The Petrol Group has a three-fold sustainable orientation:

- 1. Low-carbon energy company focusing on a more sustainable energy portfolio and mobility, own production of renewable electricity, energy efficiency and on reducing the carbon footprint.
- 2. Partners with employees and the social environment focusing on boosting corporate integrity, providing for healthy working conditions and employee satisfaction, with the support for the wider community in all markets where the Petrol Group operates (support for humanitarian, cultural, sports and environmental projects) also having a prominent role.

3. Circular economy – involvement in wastewater treatment, recycling of carwash water and reuse of industrial wastewater. Particular attention is paid to reducing or replacing raw materials used in packaging with recycled and biodegradable materials.

In the Petrol Group, we realise that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond our direct control and may pose a risk or a threat when it comes to meeting our targets. This was evident in 2020 when the Covid-19 pandemic emerged.

Our goals for 2021 are ambitious. In drawing up the plan for 2021, we have assumed, however, that the pandemic will be effectively contained through vaccination in the first half of 2021.

We are still drawing attention to the fact that there remains considerable uncertainty as to the achievement of the plan, which is subject to the further course of the pandemic. This is particularly relevant if:

- · insufficient vaccination coverage is achieved before summer 2021 and the pandemic continues,
- the measures to curb the pandemic are still in place at the end of the second quarter, in particular those taken by countries to restrict movement, economic recovery will be slower, leading to economic growth that is lower than expected.
- · In this case, the Petrol Group will review its 2021 business targets in the second half of 2021 and adjust them accordingly.

The 2021 plans do not take into account any new acquisitions.

In addition to the pandemic, the following risks also bear on the achievement of the 2021 plans:

- · sales in the EU market, which is extremely volatile,
- · impact of the Real Property Tax Act and its new valuation model,
- · impact of the Energy Savings Requirements Act in Croatia,
- · other regulatory requirements.

The Petrol Group's main business targets for 2021:

- · Sales revenue of EUR 3.5 billion
- · Adjusted gross profit of EUR 490.0 million
- · EBITDA of EUR 213.5 million
- · Net profit of EUR 104.4 million
- · Net debt to EBITDA ratio of 1.5
- · 3.0 million tons of petroleum products sold
- · 171.7 thousand tons of LPG sold
- · 25.6 TWh of natural gas sold
- · Revenue from merchandise sales of EUR 446.2 million

The Group's investment policy for 2021 will be focused on expanding the business in the area of renewable electricity production, on consolidating its position and expanding energy product sales and on expanding its operations in the area of energy and environmental solutions.

The Petrol Group was in a very good business and financial condition before the pandemic, and will continue to meet the high standards of operation as recognised by the ratings from Standard & Poor's Rating Services also in 2021. Despite the difficult business conditions, the Group will continue to pursue its objective of ensuring stable operations, thus delivering consistent return for shareholders.



CORPORATE GOVERNANCE STATEMENT AND STATEMENT OF COMPLIANCE WITH THE CODE

Pursuant to Article 70(5) of the Companies Act (ZGD-1), Petrol d.d., Ljubljana hereby issues its Corporate governance statement.

1. Reference to the applicable Corporate Governance Code

In the period from 1 January 2020 to 31 December 2020, the Company was bound by the Slovene Corporate Governance Code for Listed Companies (hereinafter 'the Code') as jointly drawn up and adopted by the Ljubljana Stock Exchange and the Slovene Directors' Association on 27 October 2016. The Code entered into force on 1 January 2017. It is available both in Slovene and in English from the website of the Ljubljana Stock exchange at https://ljse.si/en. The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the recommendations of the applicable Code, the Supervisory Board and the Management Board drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was published via the Ljubljana Stock Exchange SEOnet information system on 28 December 2010. The policy was updated at the Supervisory Board meetings of 12 December 2013, 11 December 2014, 15 December 2016, 14 December 2017, 13 December 2018, 12 December 2019 and 28 January 2021, and published via the Ljubljana Stock Exchange SEOnet information system (the version currently in force is available at https:// seonet.ljse.si/default_sl.aspx?doc=LATEST_PUBLIC_ANNOUNCEMENTS&doc_id=73773) 23 December 2013, 13 January 2015, 23 December 2016, 29 December 2017, 31 December 2018, 31 December 2019 and 24 February 2021, respectively. It is also available, in Slovene and in English, from the website of Petrol d.d., Ljubljana (https://www.petrol.eu/).

Statement of compliance with the Code

The company conducts its operations in compliance with the Code, i.e. both with its guiding principles and recommendations. Any deviations or partial deviations from the Code are listed and explained below:

- The Company is yet to perform an external assessment of the adequacy of the corporate governance statement, but the latter is expected to be performed in 2021 (the Code: Corporate Governance Statement and Statement of Compliance with the Code, paragraph 5.7).
- The Company did not carry out an organised collection of proxy notices for the 32nd General Meeting due to the specifics of the matters discussed, pandemic-related issues related to calling the General Meeting and timing constraints, although it otherwise does so as standard practice (the Code: General Meeting, paragraph 8).
- In its Rules of Procedure, the Supervisory Board has not set the scope of topics and time-frames to be respected by the Management Board in its periodic reporting. The topics are already laid down in the Company's annual financial calendar rather than in the Rules of Procedure. In addition to the Financial Calendar, which is published on SEOnet, the Supervisory Board adopts an extended version of the calendar comprising additional topics and time-frames applicable to the Supervisory Board and its committees and, as such, representing a coherent and comprehensive working plan of this body (the Code: Supervisory Board's Tasks, first sentence of paragraph 12.3).
- Due to a high degree of data confidentiality and to ensure a higher standard of communication with Supervisory Board members, information technology is seldom used to convene meetings and distribute Supervisory Board documents. It will be introduced as soon as all

- members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents and, where necessary or desirable, to securely provide themselves with printed documents (the Code: Supervisory Board's Tasks, paragraph 12.5).
- When setting up committees, the Supervisory Board did not define their tasks. For the Audit Committee, these have already been defined in laws and recommendations and, specifically, in each annual work programme of the Audit Committee which is approved by the Supervisory Board. The Human Resources and Management Board Evaluation Committee performs all of its tasks as decided by the Supervisory Board on a case-by-case basis (the Code: Supervisory Board Committees, first sentence of paragraph 18.2).
- For the large part of the year (until 13 November 2020), the Company did not have in place particular rules and a corporate communication strategy that would also contain rules on the protection of confidentiality, trade secrets and inside information that would clearly define information flow inside the Company, along with the recording and supervision of access to inside information from origin to public announcement, and contain warnings that the information has not been publicly disclosed yet and therefore constitutes inside information. The Company did have in place the Rules on the Safeguarding of Trade Secrets at the Petrol Group, and everybody that was in any way whatsoever linked to inside information was required to keep this information confidential as they were included on the insider list and could be penalised on various grounds, depending on whether they were external contractors, employees, Management Board members or Supervisory Board members. On 13 November 2020, the Company's management adopted the Petrol Inside Information Management Guidelines, the purpose of which is to assist in identifying information that constitutes inside information and present rules on handling such information, but most importantly to define inside information and other important information which, even though it does not possess all the characteristics of inside information, requires special treatment in order to ensure equal information of the investor public (so-called other sensitive information), to determine a non-exhaustive list of contents constituting typical examples of inside information or typical examples of other sensitive information, to designate inside information and other sensitive information as a trade secret in accordance with the Trade Secrets Act (ZPosS), to lay down guidelines for the handling of inside information, to define the role of the person in charge of the correct implementation of regulations in the field of inside information together with their tasks, to specify restrictions on trading in Petrol's shares and obligations to disclose trading in Petrol's shares, all with the aim of ensuring the effective implementation of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("Market Abuse Regulation") and the acts adopted based thereon. (The Code: The Company's Corporate Communication Strategy, indents 1 and 2 of paragraph 27.2.).
- Before the Petrol Inside Information Management Guidelines referred to in the previous point were adopted on 13 November 2020, the Company had not had an internal act or adopted rules that would restrict trading in the Company's shares in addition to legal provisions and regulations. The Petrol Inside Information Management Guidelines now stipulate - in addition to legal provisions and regulations - a closed trading window, namely a period of 30 days prior to the publication of the quarterly, semi-annual, nine-month and annual reports on the operations of Petrol and the Petrol Group; 30 days before the publication of the Petrol Group's strategy and 30 days before the publication of the Petrol Group's business plan and key targets for the next calendar year. During open trading windows, trading in the Company's shares is allowed only if the person does not have inside information that has not yet been made public. Each person with access to inside information is obliged to judge for themselves when they are in possession of inside information and when, in view of the availability of inside information, they and their related persons are prohibited from trading in Petrol shares. Persons having access to inside information sign a special statement to keep inside information confidential. In accordance with the requirements of the Securities Market Agency, the Company keeps a list of persons with access to inside information, which is always up-to-date. The Company has laid down and enforced the highest ethical standards and values which are communicated to the persons having access to inside information (The Code: Trading Restrictions with Shares, paragraph 27.3.).
- The Company provides prompt information about its financial and legal situation through public announcements, but it does not report on operational estimates as this is inconsequential

as long as its operations are in line with the applicable strategy and annual work programme. In the event of deviations, the Company would immediately make a public announcement to inform interested stakeholders of other business events, impacts and deviations (the Code: Public Announcement of Important Information, indent 3 of paragraph 29.1).

The Company has not published the applicable wording of the rules of procedure of its bodies on its website. The Management Board and the Supervisory Board discussed the benefits of this recommendation and view the Supervisory Board's Rules of Procedure and the Management Board's Rules of Procedures as texts which are updated on a regular basis and are intended for the sole use of these bodies. Moreover, any external assessment of these documents by third parties would have been inappropriate due to their not being familiar with the needs of these bodies. The General Meeting Rules of Procedure were adopted at the first general meeting of the joint-stock company Petrol d.d., Ljubljana in 1997. They are always available during the general meeting and do not contradict the Companies Act, which lays down, through peremptory provisions, all elements concerning the running of a general meeting, making it sufficient to have the rules of procedure available only during each general meeting (the Code: Public Announcement of Important Information, paragraph 29.9).

2. Description of main characteristics of the Company's internal control and risk management systems in connection with the financial reporting process

The Company's management is responsible for the keeping of proper books of account, setting up and ensuring the functioning of internal controls and internal accounting control, selecting and applying accounting policies and safeguarding the Company's assets. The establishment of the internal control system, which is based on the three lines of defence model¹, pursues the following three objectives:

- \cdot accuracy, reliability and completeness of financial records, and true and fair financial reporting,
- · compliance with applicable laws and regulations, and
- · effectiveness and efficiency of operations.

The company's management aims to establish a control system that is both as efficient as possible as regards the prevention of undesired events and acceptable in terms of cost. It is aware that every internal control system, regardless of how well it functions, has its limitations and cannot fully prevent errors or frauds. Nevertheless, it must be configured so that it flags them as soon as possible and provides management with suitable assurance about the achievement of objectives.

Petrol therefore keeps and further improves:

- $\cdot\,\,$ a transparent organisational structure of the parent company and the Group;
- \cdot $\,$ clear and uniform accounting policies and their consistent application across the Petrol Group;
- · an efficiently organised accounting function (functional responsibility) within individual companies and the Petrol Group;
- a uniform accounting and business information system of the parent company and its subsidiaries, thus boosting the efficiency of operational and control procedures;
- reporting in accordance with International Financial Reporting Standards, including all disclosures and notes that are required;
- · regular internal and external audits of business processes and operations.

The Risk Management chapter of this business report presents risk management and control mechanisms relating to the assessment of specific types of risk in greater detail. It is our opinion that in 2020 the existing internal control system of Petrol d.d., Ljubljana and of the Petrol Group allowed for efficient and successful achievement of business objectives, operation in compliance with the law, and fair and transparent reporting in all material respects.

¹ The three lines of defence: (1) operational management or risk owners, (2) control functions, including compliance, as risk managers, (3) internal audit tasked with providing independent assurance.

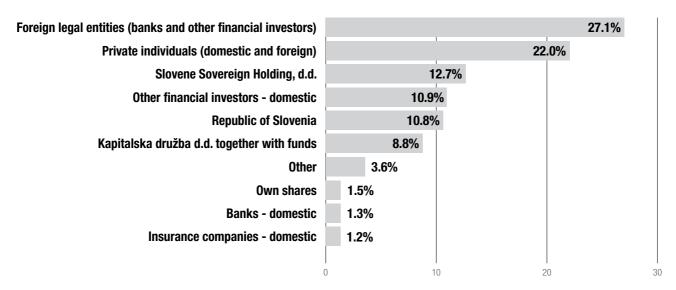
3. Information under Article 70(6) of the Companies Act

As a company bound by the Takeovers Act, Petrol d.d., Ljubljana hereby provides information on the situation as at the last day of the financial year and all the necessary explanations, in accordance with Article 70(6) of the Companies Act (ZGD-1):

3.1 Structure of the Company's share capital

The Company has issued only ordinary registered no-par value shares, the holders of which have the right to participate in the management of the Company, the right to profit participation (dividends) and the right to a corresponding share in other assets in the event of liquidation or bankruptcy of the Company. All shares belong to a single class and are issued in book-entry form.

SHARE CAPITAL STRUCTURE OF PETROL D.D., LJUBLJANA AS AT 31 DECEMBER 2020



THE LARGEST SHAREHOLDERS OF PETROL D.D., LJUBLJANA, AS AT 31 DECEMBER 2020

	Shareholder	Address	Number of shares	Holding in %
1	Clearstream Banking SA - fiduciary account	42 Avenue J. F. Kennedy, L-1855, Luksemburg	284,652	13.64
2	Slovene Sovereign Holding, d.d.	Mala ulica 5, 1000 Ljubljana	264,516	12.68
3	Republic of Slovenia	Gregorčičeva ulica 20, 1000 Ljubljana	225,699	10.82
4	Kapitalska družba, d.d.	Dunajska cesta 119, 1000 Ljubljana	172,639	8.27
5	OTP banka, d.d Client account - fiduciary	Domovinskog rata 61, 21000 Split, Croatia	117,625	5.64
6	Vizija Holding, d.o.o.	Dunajska cesta 156, 1000 Ljubljana	71,676	3.44
7	Vizija Holding Ena, d.o.o.	Dunajska cesta 156, 1000 Ljubljana	65,910	3.16
8	Perspektiva FT d.o.o.	Dunajska cesta 156, 1000 Ljubljana	36,262	1.74
9	Citibank N.A fiduciary account	Citibank Centre, Canada Square, Canary W, E14 5LB, London, Great Britain	31,413	1.51
10	Nova KBM d.d.	Ulica Vita Kraigherja 4, 2000 Maribor	25,985	1.25

3.2 Restrictions on the transfer of shares

All shares are fully transferable.

3.3 Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), the following information is provided (valid as at 31 December 2020):

- · Clearstream Banking SA. f held 284,652 shares of Petrol d.d., Ljubljana, representing 13.64 percent of the issuer's share capital,
- Slovene Sovereign Holding held 264,516 shares of Petrol d.d., Ljubljana, representing 12.68 percent of the issuer's share capital,
- the Republic of Slovenia held 225,699 shares of Petrol d.d., Ljubljana, representing 10.82 percent of the issuer's share capital,
- · Kapitalska družba, d.d. held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital.

3.4 Holders of securities carrying special control rights

The Company did not issue any securities carrying special control rights.

3.5 Employee share scheme

The Company has no employee share schemes.

3.6 Restrictions on voting rights

There are no restrictions on voting rights.

3.7 Shareholder agreements potentially resulting in restrictions on the transfer of shares or voting rights

The Company is not aware of such agreements.

3.8 The Company's rules regarding

· Appointment and replacement of members of management or supervisory bodies

The president and other members of the Management Board are appointed and discharged by the Supervisory Board. Apart from the worker director, the Supervisory Board appoints Management Board members on the proposal of the president of the Management Board. Management Board members are appointed for a five-year term of office and may be re-appointed. On the proposal of the Human Resources and Management Board Evaluation Committee and according to its Rules of Procedure, the Supervisory Board determines general and specific criteria for selecting candidates for the president and members of the Management Board, at the same time laying down a framework for contracts concluded with Management Board members. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the president and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method or a combination of methods to apply in order to find candidates for the president of the Management Board (personal invitations, job vacancy postings) and determines whether it is necessary to engage an external headhunting expert. The Human Resources and Management Board Evaluation Committee carefully checks the fulfilment of general and specific conditions required for the post of Management Board president or member and other conditions laid down in the Company's Articles of Association. The Committee also verifies the references stated in candidates' CVs, and conducts interviews. It puts together a selection of candidates for the president of the Management Board, conducts selection interviews and ranks them. Short-listed candidate or candidates for the president of the Management Board propose other Management Board members, with the Committee then checking the conditions and references of the proposed candidates. The Committee thereupon proceeds with the evaluation of the entire Management Board and negotiates with

candidates the basic elements of their contracts. The candidate or candidates for the president of the Management Board and the proposed Management Board members together present the vision of the Company's development at a Supervisory Board meeting. After carrying out selection interviews, the Supervisory Board selects and appoints the president and members of the Management Board. If the Supervisory Board finds the candidates proposed by the candidate for the president of the Management Board (the proposed Management Board as a whole) unsuitable, the procedure is repeated.

The Supervisory Board may reappoint the Management Board within one year before the term of office has expired, but it is customary for the reappointment to take place not later than three months before the expiry. If the Company's General Meeting passes a vote of no confidence in the Management Board, the Supervisory Board, convening immediately after the General Meeting, states its opinion concerning the recall of a Management Board member. If the General Meeting does not grant the Management Board and/or Supervisory Board discharge from liability, the Supervisory Board is required to convene as soon as possible to identify the reasons for the discharge of liability not being granted. Without prejudice to the above, the Supervisory Board may recall the Management Board, for reasons stipulated by law, on its own discretion. The Supervisory Board is required to notify immediately the Management Board not fully fulfilling the tasks falling under its mandate of its findings and opinions and to set the shortest deadline possible to eliminate the identified shortcomings. If the Management Board fails to achieve the expected results by the set deadline, the Supervisory Board decides whether to recall individual members of the Management Board. The Supervisory Board may appoint one of its members as a temporary Management Board member to replace a missing or absent member of the Management Board for a period of not more than a year. Reappointment or extension of the term of office is permitted if the entire term of office is not extended by more than one year.

The Supervisory Board of the Company comprises nine members, of which six are elected by the Company's General Meeting with a majority vote of shareholders present and three by the Company Workers' Council. They are elected for a term of four years and may be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders shall be adopted with a three-quarters majority of votes present at the General Meeting, while the conditions for the recall of the Supervisory Board members representing employees shall be determined by the Workers' Council in a general act.

· The Diversity Policy

At its 21st meeting of 13 December 2018, the Supervisory Board adopted the Diversity Policy with regard to Representation in the Company's Management and Supervisory Bodies. On 31 December 2018, it was published in Slovene and in English on the Company's website (the full text of the Diversity Policy, including its goals and method of implementation, is available at https://www.petrol.eu/binaries/content/assets/skupina-petrol-slo/2018/porocila/2018/politika-raznolikosti-druzbe-petrol-d.d.-ljubljana---december-2018.pdf in Slovene and at https:// www.petrol.eu/binaries/content/assets/skupina-petrol-eng/2018/reports/2018/diversity-policy-of-petrol-d.d.-ljubljana---december-2018.pdf. The composition of the Management Board and the Supervisory Board was unchanged from 2017 to October 2019. On 25 October 2019, Supervisory Board president Nada Drobne Popović became President of the Management Board ad interim, after the terms of office of three members of the Management Board ended early through mutual agreement. As of this day, the gender diversity in both bodies has changed significantly. As of 1 January 2020, the Company's Management Board has been headed by three women and the Supervisory Board by men. Throughout the year, both the composition of the Management Board and the Supervisory Board were marked by considerable dynamics. During the year, the Management Board consisted of three women, then two women and two men, later three men and two women, and at the end of the year, when the Management Board was complete, it was composed of one woman out of five members. However, only men (7 or 8 men) sat on the Supervisory Board in various compositions. At the end of the year, the Supervisory Board carried out the personnel process to select candidates for members of the Supervisory Board, but did not propose to the General Meeting to nominate any women, which is not in line with the Diversity Policy of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana, which stipulates gender diversity as one of the six important aspects of diversity. In addition, at the end of 2020, no female workers'

representatives were appointed by the Workers' Council to the Supervisory Board for the terms of office beginning in 2021. The Workers' Council also proposed to the Supervisory Board the appointment of a male worker director, whose term of office started on 11 December 2020. In the energy sector, women's representation in management positions is found to be low. At the General Meeting indicated above, it was voted – based on a counter proposal - that after 11 April 2021, the Supervisory Board membership will consist of eight men and one woman. In 2019 the Supervisory Board joined the initiative to achieve voluntary 40/30 gender diversity by 2026 as proposed by the Slovene Directors' Association. Among other partners, the initiative was also supported by the Slovene Sovereign Holding and the Liubliana Stock Exchange. The initiative contains the following commitment to achieve the voluntary gender diversity target by the end of 2026: 40 percent of members of supervisory boards and, jointly, 33 percent of members of supervisory and management boards of listed companies and publicly owned companies shall be of the less represented gender. Even though the counter proposal at the General Meeting was submitted by SDH d.d. (the Slovene Sovereign Holding), the basic commitments given in said initiative were not fulfilled and only one woman was nominated for appointment. Given that the members of the Supervisory Board have been appointed for a four-year term and the members of the Management Board for a five-year term in 2020, no major changes in gender diversity are expected in the coming years.

Amendments to the Articles of Association

The General Meeting decides on amendments to the Articles of Association with a majority of three-quarters of share capital represented in the voting.

3.9 The powers of Management Board members, particularly in connection with own shares

The Management Board has not been authorised by the General Meeting to acquire own shares.

3.10. Important agreements that enter into force, are amended or expire due to changes in the control over the Company resulting from a takeover bid

The Company is not aware of such agreements.

3.11 Agreements between the Company and the members of its management and supervisory bodies or employees which foresee compensation should such persons resign, be discharged without cause or have their employment relationship terminated due to a bid as defined in the Takeovers Act

In the event of resignation, Management Board members are not entitled to compensation, but they are entitled to it in the event that the Company recalls them or terminates their employment contract without cause.

- 3.12 Petrol d.d., Ljubljana has no subsidiaries falling within the scope of indent 4 of Article 70(3) of the Companies Act (ZGD-1).
- 3.13 The Petrol Group's activities include an activity listed in Article 70 ter of the Companies Act, specifically commercial exploitation of mineral resources (geothermal source), but the payments to the Republic of Slovenia did not exceed the amount laid down in Paragraph 2 of Article 70 b in 2020.

4. Information on the workings of the General Meeting

As provided by the applicable legislation, specifically the Companies Act, the General Meeting is a body through which shareholders exercise their rights in respect of matters concerning the Company. The convening of General Meetings is governed by the Articles of Association, in conformity with applicable legislation. The General Meeting is convened at the request of the Management Board, at the request of the Supervisory Board, or at the request of the Company's shareholders who collectively represent at least five percent of the Company's share capital. The party requesting the convening of a General Meeting must submit to the Management Board an agenda for the General Meeting together with an explanation and justification of the purpose and reasons for convening the General Meeting. The Management Board calls a General Meeting of the Company's shareholders one month before the meeting takes place by publishing a notice via the Ljubljana Stock Exchange SEOnet information system, the AJPES website and the Company's website. In the notice of the General Meeting, the Management Board specifies the time and place of the meeting, the bodies conducting the meeting, the agenda and proposed resolutions. At the General Meeting held on 23 July 2020 (https://seonet.ljse.si/default_en.aspx?doc_id=70765&language=en), the Company's shareholders were presented with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2019, as well as with the remuneration of the members of management and supervisory bodies. They discussed and adopted a resolution on the allocation of accumulated profit and the granting of discharge from liability to the Management Board and the Supervisory Board for the year 2019. At the General Meeting of 28 December 2020 (https://seonet.ljse.si/?doc_id=72458), the Company's shareholders:

- took note of the Shareholder Report on the Special Audit of the Company's Transactions prepared by the special auditor;
- · adopted changes and amendments to the Articles of Association of Petrol d.d., Ljubljana;
- appointed new members of the Company's Supervisory Board: Aleksander Zupančič, Borut Vrviščar, Branko Bračko, Alenka Urnaut Ropoša and Mario Selecky, whose terms of office begin on 11 April 2021, and Mladen Kaliterna, whose term of office begins on 16 July 2021.

5. Information on the composition and workings of management and supervisory bodies

The company Petrol d.d., Ljubljana is managed using a two-tier system. The Company is led by the Management Board, which is supervised by the Supervisory Board. The management of the company Petrol d.d., Ljubljana is conducted in conformity with the law, Articles of Association as the Company's fundamental legal act, internal regulations, and established and generally accepted good business practices.

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the Company independently and on its own responsibility, and represents and acts on behalf of the Company. According to the Company's Articles of Association, the Management Board is comprised of a president and other members and shall not have less than three and more than six members. The exact number of Management Board members, their sphere of duties and their powers are determined by a resolution adopted by the Supervisory Board at the proposal of the Management Board president. One of Management Board members is always a worker director, who only participates in decisions relating to human resources and social policy matters. In 2020 the Management Board was composed of three members until 10 March 2020 and of four members from 11 March to 26 August. In the period from 27 August to the end of the financial year, the Management Board had five members. The Management Board discussed matters falling within its competence at 107 meetings in 2020. All decisions but one were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities pertaining to its daily activities and to the General Meeting, as stipulated by the Companies Act. The activities concerning the Supervisory Board were carried out in accordance with the provisions of the Supervisory Board Rules of Procedure. The Management Board regularly reported to the Supervisory Board on the Company's operations and consulted it in connection with the Company's strategy,

business development and risk management. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the representative trade union. Management Board members are appointed for a five-year term of office and may be re-appointed. The Company is represented jointly by the president and a member of the Management Board. In the event that a power of procuration is granted by the Company, the holder can represent the Company only together with the president of the Management Board. The Company's Management Board is required to seek the consent of the Supervisory Board for the conclusion of the following transactions:

- · transactions on the basis of which the Company acquires or disposes of its own shares;
- transactions exceeding EUR 1,000,000.00 on the basis of which the Company acquires or disposes of interests in or shares of companies, whereby, in order to avoid doubt, transactions related to the acquisition of interests or shares also include transactions related to the Company's participation in the capital increase of another company;
- transactions on the basis of which the Company establishes or terminates any company and/ or business unit;
- transactions on the basis of which the Company borrows or approves a loan exceeding EUR 2,000,000.00, except for such transactions concluded between the Company and its subsidiaries and borrowing operations of the Company in amounts as included in the Company's borrowing plan, which is approved by the Supervisory Board of the Company. For the avoidance of doubt, a series of several consecutive loans taken out by the Company from the same lender or granted by the Company to the same borrower shall be considered as a single loan, whereby related companies in the sense of the provision of Article 527 of the Companies Act shall also be considered the same lender or borrower;
- individual purchases or sales of non-current intangible, tangible fixed assets and investment property of the Company, for the amount exceeding EUR 5,000,000.00. For the avoidance of doubt, a set of several interconnected transactions shall also be considered as a single transaction, in particular insofar as they represent a single investment or are part of a single investment programme;
- transactions on the basis of which the Company (a) establishes a mortgage, building right or
 any other encumbrance on immovable property owned by the Company, with the exception
 of transactions establishing (quasi or true) real easements (i) to the benefit of public and private
 operators for the purpose of servicing the Company's immovable property or (ii) to the benefit
 of the state or a municipality or of a public service operator; or (b) establishes a lien or otherwise encumbers other fixed assets or intangible assets of the Company;
- · granting a power of procuration;
- · other transactions, if so decided by the Supervisory Board of the Company by a decision.

The above applies, *mutatis mutandis*, also to transactions entered into by subsidiaries in the course of their operations and in respect of which the consent of the Company's Management Board must be obtained prior to the conclusion. For most of the above transactions, the Management Board must seek prior consent from the Supervisory Board before granting any consent requested by the management of any of its subsidiaries.

In 2020 there were changes in the composition of the Management Board of Petrol d.d., Ljubljana. Until 10 February, Management Board president Nada Drobne Popović led the Management Board as President of the Management Board ad interim together with Management Board member Danijela Ribarič Selaković and Management Board member and Worker Director Ika Krevzel Panić. On 11 February, Ms Drobne Popović was appointed as Management Board president for a five-year term of office. She led the Management Board consisting of the above members until 10 March 2020, when the term of office of Danijela Ribarič Selaković came to an end. On 11 March 2020, two new Management Board members, Jože Bajuk and Matija Bitenc, began their five-year terms of office, with Jože Smolič beginning his term of office on 28 August 2020. On 10 December 2020, the five-year term of office of Management Board member and Worker Director Ika Krevzel Panić ended. On 11 December 2020, Zoran Gračner, otherwise Head of Heat Systems, began his five-year term of office as new Management Board member and Worker Director.

Members of the Management Board of Petrol d.d., Ljubljana in 2020:

Nada Drobne Popović, President of the Management Board

In the period from 25 October 2019 to 10 February 2020, she managed Petrol d.d., Ljubljana as President of the Management Board *ad interim* (after being appointed from among Supervisory Board members). On 11 February 2020, she was appointed by the Supervisory Board as Management Board president for a five-year term of office. Born in 1975, she holds a Master of Science degree from the School of Government and European Studies, Brdo pri Kranju.

Fields of responsibility:

From 25 October 2019 to 10 March 2020:

- · People, organisation and systems
- · Finance, information and risks
- · Informatics
- · Management of energy products and energy
- · Energy industry and the environment
- · Innovative business models
- · Internal audit

From 11 March to 27 August 2020:

- · People, organisation and systems
- · Procurement and logistics
- Sales
- · Point-of-sale management and development
- · Investments and technology
- · Corporate control and investigations
- · Internal audit

From 28 August to 17 December 2020:

- · Human resources, processes and general administration
- · Procurement and logistics
- · Investments and maintenance
- · Legal affairs and support to corporate bodies
- · Technical development, quality and safety
- · Corporate communication
- · Corporate operations control and investigations
- · Internal audit

From 18 December 2020 onwards:

- · Human resources, processes and general administration
- · Petroleum products and logistics
- · Procurement
- · Legal affairs and support to corporate bodies
- · Technical development, quality and safety
- · Corporate communication
- · Corporate operations control and investigations
- · Internal audit

Matija Bitenc, Member of the Management Board

On 11 March 2020, he was appointed as Management Board member for a five-year term of office. Born in 1980, he holds a master's degree in economics.

Fields of responsibility:

From 11 March to 27 August 2020:

- · Finance, information and risks
- · Informatics

From 28 August 2020 onwards:

- · Finance and accounting
- · Back office
- · Informatics
- Controlling
- · Risk management
- · Business intelligence

Jože Bajuk, Member of the Management Board

On 11 March 2020, he was appointed as Management Board member for a five-year term of office. Born in 1974, he holds a master's degree in sociology and a bachelor's degree in law.

Fields of responsibility:

From 11 March to 27 August 2020:

- · Management of energy products and energy
- · Energy and environmental systems
- · Innovative business models

From 28 August to 17 December 2020:

- · Management of energy products and energy
- · Energy and environmental systems

From 18 December 2020 onwards:

- · Management of energy products and energy
- · Energy and environmental systems
- · Investments and maintenance

Jože Smolič

He was appointed as Management Board member for a five-year term of office starting on 28 August 2020. Born in 1967, he holds a master's degree in entrepreneurial management.

Fields of responsibility:

From 28 August 2020 onwards:

- · Sales to end customers
- · Sales to business customers and the public sector
- Marketing
- · Development of physical points of sale

Zoran Gračner, Member of the Management Board and Worker Director

On 11 December 2020, he was appointed by the Supervisory Board as Management Board member and Worker Director for a five-year term of office. Born in 1970, he holds a master's degree in business administration and a bachelor's degree in mechanical engineering. He participates in decisions relating to human resources and social policy matters, and may represent the Company together with another member or president of the Management Board. The worker director does not have a specific field of responsibility.

Ika Krevzel Panić, Member of the Management Board and Worker Director

She was appointed by the Supervisory Board as a worker director for a five-year term of office beginning on 11 December 2015. Born in 1974, she holds a bachelor degree in law. She participates in decisions relating to human resources and social policy matters, and may represent the Company together with another member or president of the Management Board. The worker director does not have a specific field of responsibility.

Together with the above Management Board members, she managed the Company as Management Board member until 10 December 2020, when her term of office came to an end.

Danijela Ribarič Selaković, Member of the Management Board

On 25 October 2019, she was appointed as Member of the Management Board for a five-year term of office, which ended on 10 March 2020, when she resigned. Born in 1972, she holds a master's degree in economics.

Fields of responsibility:

- · Procurement and logistics
- · Sales
- · Point-of-sale management and development
- · Investments and technology
- · Corporate control and investigations

Responsibilities and composition of the Supervisory Board

In the two-tier management system, the Supervisory Board of Petrol d.d., Ljubljana fulfils its legally mandated responsibilities, i.e. to supervise the conduct of the Company's operations (including the selection and appointment of the Management Board) and carry out tasks related to the General Meeting's powers.

Under the Company's Articles of Association, the Supervisory Board of the company Petrol d.d., Ljubljana comprises nine members. They are elected for a term of four years and may be re-elected when their term of office expires. The Supervisory Board elects its president and deputy president from among its members. The president and deputy president of the Supervisory Board are always shareholder representatives. The president of the Supervisory Board represents the Company in relation to the Management Board, and the Supervisory Board in relation to the Management Board and third parties, unless specifically determined otherwise. The president of the Supervisory Board also represents the Company in relation to the appointed external auditor.

The following committees were operational in 2020: the Audit Committee and the Human Resources and Management Board Evaluation Committee.

Members of the Supervisory Board of Petrol d.d., Ljubljana were as follows in 2020:

Sašo Berger, shareholder representative

President of the Supervisory Board

President of the Management Board of S&T Slovenija d.d. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017. He served as Deputy President of the Supervisory Board from the inaugural meeting of 22 April 2017 until 10 February 2020. On 11 February 2020, he became President of the Supervisory Board.

Igo Gruden, shareholder representative

Deputy President of the Supervisory Board

Member of the Management Board of Hranilnica LON d.d., Kranj. He was appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013, and reappointed at the 27th General Meeting of 10 April 2017, with his four-year term of office beginning on 11 April 2017. On 11 February 2020, he became Deputy President of the Supervisory Board.

Mladen Kaliterna, shareholder representative

Member of the Supervisory Board

Executive director of Perspektiva FT d.o.o. Ljubljana. He was appointed for a four-year term of office beginning on 16 July 2013 at the 23rd General Meeting of 4 April 2013, and reappointed at the 27th General Meeting of 10 April 2017, with his four-year term of office beginning on 16 July 2017.

Metod Podkrižnik, shareholder representative

Member of the Supervisory Board

Member of the Management Board of Luka Koper d.d. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017.

Sergej Goriup, shareholder representative

Member of the Supervisory Board

Independent solicitor. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017.

Janez Pušnik, shareholder representative

Member of the Supervisory Board

He was appointed at the 31st General Meeting of 24 July 2020 for the period from 24 July 2020 to 21 April 2021.

Alen Mihelčič, employee representative

Member of the Supervisory Board

Petrol d.d., Ljubljana, Head of Petroleum Product Management and Sales. He was appointed for a four-year term of office beginning on 22 February 2017 at the 3rd Workers' Council meeting of 27 January 2017.

Robert Ravnikar, employee representative

Member of the Supervisory Board

Petrol d.d., Ljubljana, Head of Ljubljana – Kranj Retail regional unit. He was appointed for a four-year term of office beginning on 22 February 2017 at the 3rd Workers' Council meeting of 27 January 2017.

Marko Šavli, employee representative

Member of the Supervisory Board

Petrol d.d., Ljubljana, Compliance Manager and Specialist. When Supervisory Board member Zoran Gračner resigned, Mr Šavli was appointed as substitute member of the Supervisory Board (employee representative) at the 44th Workers' Council meeting of 4 December 2020, in accordance with provision 10.13 of the Company's Articles of Association. His term of office began on 11 December 2020.

Zoran Gračner, employee representative

Member of the Supervisory Board

Petrol d.d., Ljubljana, organisational unit Energy and Environmental Solutions in the Public and Commercial Sector. He was appointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013, and reappointed for another four-year term of office beginning on 22 February 2017 at the 3rd Workers' Council meeting of 27 January 2017. As proposed by the Workers' Council on 22 October 2020, Mr Gračner was appointed by the Supervisory Board as Management Board member and Worker Director for a five-year term of office beginning on 11 December 2020. He resigned as Supervisory Board member as a result.

The Supervisory Board had two standing committees in 2020: the statutory Audit Committee and the Human Resources and Management Board Evaluation Committee.

The Audit Committee was composed of the following members in 2020:

From 1 January to 23 July 2020:

· Mladen Kaliterna, committee president

- · Metod Podkrižnik, committee member
- · Igo Gruden, committee member
- · Zoran Gračner, committee member
- · Janez Pušnik, external member

From 24 July to 23 August 2020:

- · Mladen Kaliterna, committee president
- · Metod Podkrižnik, committee member
- · Igo Gruden, committee member
- · Zoran Gračner, committee member

From 24 August to 10 December 2020:

- · Mladen Kaliterna, committee president
- · Metod Podkrižnik, committee member
- · Igo Gruden, committee member
- · Zoran Gračner, committee member
- · Janez Pušnik, committee member
- · Christoph Geymayer, external committee member

From 11 December to 17 December 2020:

- · Mladen Kaliterna, committee president
- · Metod Podkrižnik, committee member
- · Igo Gruden, committee member
- · Janez Pušnik, committee member
- · Christoph Geymayer, external committee member

From 18 December 2020 onwards:

- · Mladen Kaliterna, committee president
- · Metod Podkrižnik, committee member
- · Marko Šavli, committee member
- · Igo Gruden, committee member
- · Janez Pušnik, committee member
- · Christoph Geymayer, external committee member

The Human Resources and Management Board Evaluation Committee was composed of the following members in 2020:

- · Sergij Goriup, committee president
- · Sašo Berger, committee member
- · Igo Gruden, committee member
- · Alen Mihelčič, committee member
- · Robert Ravnikar, committee member
- · Žiga Škerjanc, external committee member (at the 21st and 22nd Committee meeting)2

Remuneration policy for members of management and supervisory bodies

In accordance with Article 294(5) of the Companies Act (ZGD-1), the Company shall disclose the remuneration policy for members of management and supervisory bodies. This report discloses nominal amounts received in the financial year 2020 by each Management Board member and each Supervisory Board member. The information on fixed and variable remuneration of Management Board members and the ratios are also disclosed. The remuneration policy for Management Board members is set by the Supervisory Board. The remuneration policy for the Management Board member who is also the worker director and the legal representative authorised to represent the Company only together with another member of the Management Board (or,

² The external committee member was only present at the 21st and 22nd Committee meeting as he was appointed by the Supervisory Board only to take part in proposing candidates for Supervisory Board positions.

following modifications to the Articles of Association, only with the president of the Management Board) and, in accordance with a Supervisory Board's resolution, does not have a specific field of responsibility is set in the Workers' Participation in Management Agreement concluded by the Management Board and the Workers' Council on 7 October 1997. The variable part of the remuneration of the Management Board member who is also the worker director is adjusted to the applicable multiple of the monthly salary which is determined by the Supervisory Board for the other members of the Management Board, meaning that the worker director is paid the same multiple of the average monthly gross salary of Company employees.

As stated above, the remuneration policy for the remaining members of the Management Board is defined by the Supervisory Board:

- the members of the Management Board receive the fixed part of the remuneration based on an agreement concluded with the Supervisory Board;
- the basis for the payment of the variable part is set out in the Rules on Performance-related Remuneration of the Management Board, which were conceived so that the input elements for calculating the variable part of the remuneration, both in quantitative and qualitative part, depend on the fulfilment of the commitments (results) made by the Management Board upon the adoption of the Petrol Group's Business Plan and Key Targets for each year.

The remuneration policy for Supervisory Board members is determined by the General Meeting of the Company: At the 29th General Meeting, which was held in 2019, a resolution was adopted that laid down the remuneration of Supervisory Board members. The full text of the resolution is set out in the announcement of the General Meeting resolutions, which is available at: https://www.petrol.eu/binaries/content/assets/skupina-petrol-slo/2018/objave/2019/04/resolutions-29th-general-meeting-petrol.pdf.

APPENDIX C: Composition and remuneration of the Management Board and the Supervisory Board

C.1: Composition of the Management Board in the financial year 2020

Name and Surname	Function (president, member)	Area of work in the Management Board	First appointment to the office		Gender	Nationality	Year of birth	Education	Professional profile	Membership of supervisory bodies of non-related companies
Nada Drobne Popović	President of the Management Board Management Board president ad interim until 10 February 2020	From 25 October 2019 to 10 March 2020: People, organisation and systems, Finance, information and risks, Informatics, Management of energy products and energy, Energy industry and the environment, Innovative business models, Internal audit. From 11 March to 27 August 2020: People, organisation and systems, Procurement and logistics, Sales, Point-of-sale management and development, Investments and technology, Corporate control and investigations, Internal audit. From 28 August to 17 December 2020: Human resources, processes and general administration, Procurement and logistics, Investments and maintenance, Legal affairs and support to corporate bodies, Technical development, quality and safety, Corporate communication, Corporate operations control and investigations, Internal audit. From 18 December 2020 onwards: Human resources, processes and general administration, Petroleum products and logistics, Procurement, Legal affairs and support to corporate bodies, Technical development, quality and safety, Corporate communication, Corporate operations control and investigations, Internal audit.	11 February 2020 25 October 2019 (ad interim)	10 February 2025, ad interim until 10 February 2020"	Female	Slovene	1975	Master of Science, School of Government and European Studies, Brdo pri Kranju	All-round management competences, including management of equity investments	/
Matija Bitenc	Member of the Management Board	From 11 March to 27 August 2020: Finance, information and risks, Informatics. From 28 August 2020 onwards: Finance and accounting, Back office, Informatics, Controlling, Risk management, Business intelligence.	11 March 2020	10 March 2025	Male	Slovene	1980	Master of Economics	kompetence s področja korporativnih financ, upravljanja tveganj, poslovne inteligence in informacijske tehnologije	1
Jože Bajuk	Member of the Management Board	From 11 March to 27 August 2020: Management of energy products and energy, Energy and environmental systems, Innovative business models. From 28 August to 17 December 2020: Management of energy products and energy, Energy and environmental systems. From 18 December 2020 onwards: Management of energy products and energy, Energy and environmental systems, Investments and maintenance.	11 March 2020	10 March 2025	Male	Slovene	1974	Master of Sociology, Bachelor of Law	Competences in the area of law, corporate governance, energy (especially renewables), electricity trading and ESCO projects	/
Jože Smolič	Member of the Management Board	From 28 August 2020 onwards: Sales to end customers, Sales to business customers and the public sector, Marketing, Development of physical points of sale.	28 August 2020	27 August 2025	Male	Slovene	1967	Master of Entrepreneurial Management	kompetence s področja trgovine, trženja, pospeševanja prodaje, maloprodaje, razvoja novih prodajnih mrež in trgov, razvoja novih tipov in konceptov prodajnih mest	1
Zoran Gračner	Member of the Management Board and Worker Director	The worker director does not have a specific field of responsibility.	11 December 2020	10 December 2025	Male	Slovene	1970	Master of Business Administration, Bachelor of Mechanical Engineering	Competences in the area of energy	/
lka Krevzel Panić	Member of the Management Board and Worker Director	The worker director does not have a specific field of responsibility.	11 December 2015	10 December 2020	Female	Slovene	1974	Bachelor of Law	Corporate and civil law	/
Danijela Ribarič Selaković	Member of the Management Board	Procurement and logistics, Sales, Point-of-sale management and development, Investments and technology, Corporate control and investigations.	25 October 2019	10 March 2020	Female	Slovene	1972	Master of Economics	All-round management competences, especially sales and finance	/

C.2: Composition of the Supervisory Board and committees in the financial year 2020, part 1

Name and Surname	Function (president, deputy president, member)	First appointment to the office	Termination of office/ mandate	Shareholder/ employee representative	Attendance at SB meetings according to the total number of meetings	Gender	Nationality	Year of birth	Education
Sašo Berger	President of the Supervisory Board from 11 February 2020 onwards. From 25 October 2019 to 10 February 2020, he stood in for the president of the Supervisory Board as her deputy when she was appointed Management Board president ad interim.	11 April 2017	10 April 2021	Shareholder representative	21 out of 21	Male	Slovene	1966	Bachelor of Economics
Igo Gruden	Deputy President of the Supervisory Board from 11 February 2020 onwards.	4 April 2013	10 April 2021	Shareholder representative	21 out of 21	Male	Slovene	1972	Bachelor of Mechanical Engineering
Mladen Kaliterna	Member of the Supervisory Board	4 April 2013	15 July 2021	Shareholder representative	21 out of 21	Male	Slovene	1967	Master of Business Administration
Metod Podkrižnik	Member of the Supervisory Board	10 April 2017	10 April 2021	Shareholder representative	21 out of 21	Male	Slovene	1971	Master of Economics
Sergij Goriup	Member of the Supervisory Board	10 April 2017	10 April 2021	Shareholder representative	21 out of 21	Male	Slovene	1955	Bachelor of Law
Zoran Gračner	Member of the Supervisory Board	4 February 2013	10 December 2020	Employee representative	20 out of 21	Male	Slovene	1970	Master of Business Administration
Alen Mihelčič	Member of the Supervisory Board	27 January 2017	21 February 2021	Employee representative	21 out of 21	Male	Slovene	1975	Bachelor of Economics
Robert Ravnikar	Member of the Supervisory Board	27 January 2017	21 February 2021	Employee representative	21 out of 21	Male	Slovene	1979	Bachelor of Economics
Janez Pušnik	Member of the Supervisory Board	24 July 2020	21 April 2021	Shareholder representative	13 out of 21	Male	Slovene	1970	Master of Business Administration
Marko Šavli	Member of the Supervisory Board	11 December 2020	21 February 2021	Employee representative	1 out of 21	Male	Slovene		

C.2: Composition of the Supervisory Board and committees in the financial year 2020, part 2

Name and Surname	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of a conflict of interest in the financial year (YES/NO)	Membership of supervisory bodies of other companies	Membership of committees (audit, HR, remuneration, etc.)	President/ member	Attendance at committee meetings according to the total number of committee meetings
Sašo Berger	Monetary matters, finance, IT	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2020	All ten meetings of the Human Resources and Management Board Evaluation Committee
Igo Gruden	Banking and asset management	YES	NO	1	Audit Committee, Human Resources and Management Board Evaluation Committee	Member of the committees in 2020	All ten meetings of the Human Resources and Management Board Evaluation Committee and seven out of eight meetings of the Audit Committee
Mladen Kaliterna	Management of investments and group companies	YES	NO	VIZIJA HOLDING ENA, k.d.d. – member of the Supervisory Board and VIZIJA HOLDING, k.d.d. – member of the Supervisory Board; the term ended in January 2020 due to change of the companies' legal status	Audit Committee	President of the committee in 2020	All eight meetings of the Audit Committee
Metod Podkrižnik	Energy, logistics, procurement	YES	NO	1	Audit Committee	Member of the committee in 2020	Seven out of eight meetings of the Audit Committee
Sergij Goriup	Attorneyship	YES	NO	STH VENTURES, družba tveganega kapitala, d.o.o., Ljubljana – President of the Supervisory Board and Zatvoreni investicioni Fond sa javnom ponudom "FORTUNA FOND", d.d., Cazin – President of the Supervisory Board	Human Resources and Management Board Evaluation Committee	President of the committee in 2020	All ten meetings of the Human Resources and Management Board Evaluation Committee
Zoran Gračner	Energy	YES	NO	/	Audit Committee	Member of the committee in 2020	Seven out of eight meetings of the Audit Committee
Alen Mihelčič	Commercial operations	YES	NO	1	Human Resources and Management Board Evaluation Committee	Member of the committee in 2020	All ten meetings of the Human Resources and Management Board Evaluation Committee
Robert Ravnikar	Sales	YES	NO	f	Human Resources and Management Board Evaluation Committee	Member of the committee in 2020	All ten meetings of the Human Resources and Management Board Evaluation Committee
Janez Pušnik		YES	NO	I	Audit Committee	Member of the committee in 2020	Four out of eight meetings of the Audit Committee
Marko Šavli		YES	NO	1	Audit Committee	Member of the committee in 2020	/

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External committee members

Name and Surname	Committee	Attendance at committee meetings according to the total number of committee meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership of supervisory bodies of non-related companies
Janez Pušnik	Audit Committee	Four out of eight meetings of the Audit Committee as external member	Male	Slovene	Master of Business Administration	1970	Court expert witness for economics, specifically business valuation and accounting, certified appraiser	/
Christoph Geymayer	Audit Committee	Four out of eight meetings of the Audit Committee as external member	Male	Austrian	Master of Law	1967	Controlling and reporting, tax compliance, national and international tax planning models, corporate income tax, income tax, corporate finance, corporate law, labour law	/
Žiga Škerjanc	Human Resources and Management Board Evaluation Committee	Two out of ten meetings of the Human Resources and Management Board Evaluation Committee	Male	Slovene	Bachelor of Law	1978	Corporate governance	Member of the Supervisory Board of Zavarovalnica Triglav

Appendices C.3 and C.4 are included in the financial section of the annual report.

Nada Drobne Popović

President of the Management Board Matija Bitenc

Member of the Management Board Jože Bajuk

Member of the Management Board Jože Smolič

Member of the Management Board Zoran Gračner

Member of the Management Board and Worker Director

Ljubljana, 11 March 2021

NON-FINANCIAL STATEMENT

Pursuant to Articles 56(12) and 70 quater of the Companies Act (ZGD-1), Petrol d.d., Ljubljana hereby issues the Non-financial statement of the Petrol Group and Petrol d.d., Ljubljana.

Description of the Company's business model

The Petrol Group is a business concern consisting of the parent company Petrol d.d., Ljubljana and its subsidiaries, jointly controlled entities and associates located in the countries of Central and South Eastern Europe. Among the activities of the companies within the Group, the sale of petroleum products, other energy products and merchandise is the most significant one (see Sales for more information). Petrol's development activities are focused on the introduction of new energy activities (see Energy and environmental systems for more information) and on the production of renewable electricity (see Production of renewable electricity for more information). The operations of the parent company and some of its subsidiaries encompass multiple areas, from sales to energy and environmental systems, with other companies focusing on a narrower range of business operations (see The Petrol Group for more information). Petrol Group companies are located in several European countries (see The Petrol Group in its region for a map). The sustainable development of the Petrol Group is based on the respect for the natural environment and on partnership relations with the wider community (see Sustainable development for more information). In June 2021, the Petrol Group will publish the Sustainability Report of the Petrol Group which will be prepared in accordance with GRI standards (the latest sustainability report is available at https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/2019/publications/tp-2018_eng.pdf).

The situation in the area of transport and the resulting sales of petroleum products together with the overall economic situation in the markets where the Group operates are the main factors affecting its operations. Transport is a sector that was hit the hardest by the outbreak of the Covid-19 pandemic with countries taking numerous measures to contain the pandemic, restricting movement between and within countries. Petrol d.d., Ljubljana responded to the pandemic as soon as it had occurred, informing the public on the measures it had taken and how the pandemic was impacting the Petrol Group's operations (see https://www.petrol.eu/investors/publications?year=2020).

In the first two months of 2020, the Petrol Group's operations continued without disruption and according to plans. The business environment deteriorated considerably, however, as the pandemic began. Already when drawing up plans at the end of 2019, the Petrol Group was aware of the possibility that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond its direct control and may pose a risk or a threat when it comes to meeting the targets. Because a natural disaster of such magnitude and the resulting economic crisis could not had been predicted, the Petrol Group did not meet its planned operating targets in 2020. The impact of the pandemic on the Petrol Group's operations in 2020 is presented in detail in chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020 and also in other chapters of this annual report. The pandemic was also taken into account when drawing up the Petrol Group plans for 2021. See Plans for 2021 for more detail. In the second half of 2020, the Petrol Group developed a strategy for the period 2021 – 2025, which was adopted on 28. January 2021 and is presented in chapter Strategy of the Petrol Group 2021 – 2025.

Policies and due diligence, policy results, main risks and risk management, key performance indicators

Environment

Policy

The policies defining our environmental impact are: the framework safety and security policy, the energy policy and the quality and environmental management policy. Being an integral part of all processes at Petrol, all three policies overlap as we conduct our business. The quality and environmental management policy lays down our environmental protection efforts. Environmental protection is integrated in all levels of operations of Petrol d.d., Ljubljana. Petrol's environmental management system complies with the requirements of the international standard ISO 14001 and is an integral part of Petrol's development plan (see Quality control for a list of certificates by company). All Petrol's employees are responsible to ensure consistent compliance with the requirements, while the Company's Management Board guarantees that these requirements can actually be met and that our fundamental environmental goals can be achieved.

In the field of environmental management, the Petrol Group has committed itself to four fundamental goals:

- 1. To keep all storage facilities, service stations and other buildings up-to-date with current and foreseen environmental standards and guidelines;
- 2. To reduce emissions of hazardous substances to the minimum;
- 3. To use natural resources economically;
- 4. To prevent accidents and reduce the possibility of accidents as much as possible.

Depending on the activities taking place at different sites, Petrol d.d., Ljubljana has obtained several environmental permits. It has valid environmental permits for all SEVESO plants posing a higher or lower risk to the environment, and all provisions laid down in the permits are strictly implemented.

The energy policy obliges us to establish control over the use of energy and water that are necessary for the provision of our services. At Petrol, we are committed to continuously optimising our business efficiency and bringing down the costs of energy and water, while also reducing our environmental impact and, consequently, greenhouse gas emissions. Through its energy policy, Petrol aims for responsible and efficient energy use and water saving in connection with all its property, plant and equipment, which is also reflected in a smaller environmental footprint. Energy management and operations as well as water saving are given a prominent role, and we follow the example of the best and most cost-effective practices. Our aim is to reduce the costs of energy and water in comparison to the revenue generated. This way we want to obtain competitive advantage in the sector. Petrol has maintained an energy management system certified to ISO 50001:2011 requirements for a number of years. Through this system we aim to reduce energy consumption and CO2 emissions, while also improving energy management within Petrol and with our external users of energy and environmental solutions.

Due to the strategic importance of products related to oil and merchandise sales, ensuring the safety, security and continuity of business is one of the key principles of the Petrol Group's business. This principle is implemented through the setting up of a functioning integrated safety and security system, meaning a comprehensive, all-encompassing safety and security system in which the synergy between individual safety and security areas needs to be ensured together with the synergy of safety and security areas (safety and security processes) with other business processes.

The framework safety and security policy includes the following areas:

- 1. Occupational safety and health
- 2. Fire safety
- 3. Physical and technical protection of people and property
- 4. Environmental protection

- 5. Safe handling of chemicals and safety while transporting dangerous substances by road, rail or sea
- 6. Protection of classified information and trade secrets
- 7. Information security

Due diligence

Environmental due diligence is carried out as an integral part of the environmental management system. This includes the energy aspect and the safety and security aspect, as Petrol considers the environment in a very broad sense. In the scope of every process, an annual activity report is drawn up, including also environmental content (monitoring results, inspection results, execution of environmental projects, compliance). The Company's management reviews the reports and discusses them as part of the management review of the quality and environmental management system. The management review also covers the environmental policy and addresses the results of internal audits. The management review leads to conclusions addressing changes in the environmental management system, the continuous improvement of the system and opportunities for better integration of the environmental management system into the processes of the Company.

Main risks and risk management

In the Petrol Group, risks related to environmental protection are managed through the Group's framework safety and security policy, the compliance system and the elementary (implementing) safety, security and environmental subpolicies/systems (e.g. the safety and security management system under the SEVESO Directive, which applies to all SEVESO establishments managed by the Petrol Group).

The key risks are related to ensuring process safety, which implies comprehensive protection of people, the environment and property in the narrow and broad sense when handling dangerous substances. Process safety defines the areas of occupational safety and health, environmental protection (air, water, soil, noise, radiation), safety culture, handling and manipulation of hazardous and non-hazardous chemicals, fire protection, inspection supervision and other areas.

The above is provided:

- through compliance with the applicable legislation relating to safety, environment, security, protection and rescue;
- through consistent implementation of instructions, warnings and regulatory arrangements laid down by respective administrative bodies in the relevant areas of safety, security and the environment;
- by taking into account national programmes in the field of environmental protection, protection against natural and other disasters, occupational health and safety, road safety and other areas of safety;
- through effective security and protection of the Petrol Group in terms of safety, security and rescue, as well as through the organisation, powers and responsibilities of employees to ensure control over the operation of establishments from a technical, safety and security point of view;
- · through instructions, procedures and practices applicable to third-party access to establishments;
- · through instructions, procedures and practices applicable to hazardous works at the establishments;
- · by managing the operation from the point of view of controls, monitoring and audits;
- by defining and evaluating the risk of major disasters and measures to mitigate their consequences;
- · by managing changes from a technical, safety and security point of view;
- by managing incidents, including the examination of events and action plans to prevent recurrence (i.e. LFI learning from incidents);
- by verifying and evaluating the risks and environmental aspects that serve as a basis for planning safety and security measures in individual areas of safety and security;
- through operations compliant with the ISO 9001:2015 standard (quality management), the 14001:2015 standard (environmental management) and the occupational health and safety standards;
- · by ensuring the quality of products and services.

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High levels of competence and awareness among employees are of key importance for a successful implementation of the safety and security system. Therefore, the Petrol Group continuously carries out training in accordance with the training programme and plans. The training covers the following areas: occupational health and safety, hazardous chemicals handling, transport of dangerous goods, fire safety, anti-explosion protection, environmental protection, the SEVESO plant safety management system, information security, etc.

Key performance indicators

The Petrol Group was the first energy company in Slovenia to commit itself to sustainable development. We perceive our role in fulfilling this strategic commitment as twofold. On the one hand, we pursue our core business with a high level of responsibility towards the natural and social environment and on the other hand we are actively promoting a sustainable transformation of the wider society through our business programmes and products.

In addition to optimising the environmental footprint of the core business activity, we help our partners reduce their energy, carbon, water and material footprint with our business products. Every two years, we prepare a standalone sustainability report stating the indicators according to the GRI-4 Guidelines (Petrol d.d., Ljubljana will publish the 2020 Sustainability Report of the Petrol Group in 2021). The content of the sustainability report is determined on the basis of three criteria: relevance, the integrity of key indicators of sustainable development management and the sustainability context. The criterion of relevance means that the content of the report shall be narrowed down to the most relevant areas of interest defined based on the matrix of key stakeholders and the sustainable development strategy of the Petrol Group. We selected those that influence our sustainability footprint the most. Through sustainability indicators, which are used to measure our performance, we obtained additional leverage for long-term sustainable development management in new areas defined as our strategic goal. Because we conform our sustainability performance to the life cycle philosophy (LCA), the key indicators of our sustainability performance also include those concerning our suppliers and customers. We will continue the orientation of spreading sustainable impact, considering that our sustainability performance gradually influences the sustainable transformation of a wider society. The sustainability report provides an analysis of the present and, where relevant, a comparison with past trends, while being forward-looking at the same time. We realise that sustainable development is not a goal but merely a path, so our path is carefully recorded and assessed in the three dimensions of time. Reporting is transparent and accurate as per the data currently available to the Petrol Group. The environmental aspects of our sustainable development are measured and managed through indicators that reflect the environmental footprint of our own activities (service stations, storage facilities for petroleum products and liquefied petroleum gas (LPG), treatment plants, the biogas plant, office buildings, etc.), and through indicators that reflect the contribution of our activities towards a smaller environmental footprint of other parts of the wider society. The monitoring of wastewaters, air emissions, noise sources, leak detection in reservoirs and fuel quality is carried out on a regular basis. We also monitor the treatment of biodegradable waste and carry out waste assessment. To monitor the functioning and management of biological processes in treatment plants and the biogas plant, we perform daily measurements of individual parameters, which ensure successful process control and the possibility of reducing environmental pressures. Our strategic sustainability indicators are measured and managed annually. The assessment of environmental aspects is carried out by professionals from different fields within the Petrol Group. The assessment takes place at least every three years or when significant legislation or environmental policy changes occur, or when the opinion of the interested public has changed. We work closely with our suppliers and contractual partners in managing significant environmental aspects and indicators (for more information, see Protection of the environment and the 2020 Sustainability Report of the Petrol Group which will be published by Petrol d.d., Ljubljana in June 2021).

Social and human resources matters and the protection of human rights

Policy

In the Petrol Group, social responsibility is perceived as a lasting commitment to work together with the environment in which we operate. Supporting and helping our environment is embedded in our long-term growth strategy. Caring for social and environmental issues and offering help in solving social problems is part of the Petrol Group's operations and its wider social activities.

Our responsible social attitude is demonstrated through the support we provide to a number of sports, arts, humanitarian and environmental projects. We help wider social and local communities achieve a dynamic and healthier lifestyle and, through this, better quality of life.

The Petrol Group is one of the biggest employers in Slovenia and in the region. The HR strategy is an important part the Group's development strategy. Successful, motivated, committed and loyal employees are the heart of the Petrol Group and its future. The far-reaching vision, with which we address several main challenges of the modern society, and ambitious business plans require comprehensive human resources management. This includes a well thought-out recruitment policy, caring for the development and training of staff, team work, an effective system of employee remuneration and promotion, monitoring satisfaction and commitment, and caring for the safety and health of employees.

Equal opportunities for all is the cornerstone of our work. We respect human rights which are recognised by internationally established principles and guidelines, including the European Convention for the Protection of Human Rights and Fundamental Freedoms and the United Nations Declaration on Human Rights. We comply with legal and human rights standards in all countries where we operate. This is what guides our business relationships with customers, suppliers and employees. We promote an ethical attitude towards employees and our wider environment. During the selection and recruitment process, all candidates are given equal treatment irrespective of sex, age or other circumstances (ethnicity, race, religious beliefs and other cultural differences). The Petrol Group also employs persons with rights recognised based on their disability. We are a family- and employee-friendly company. The rights and duties of employees of Petrol d.d., Ljubljana are regulated in the Corporate Collective Agreement.

Due diligence

At Petrol, we are aware of the importance of social dialogue and cooperation with social partners. When adopting regulations governing the rights, obligations and responsibilities of employees, we organise joint consultations and co-decision making with the Workers' Council or the trade union, in accordance with the applicable legislation and other general regulations. The Trade Union of the Petrol Group and the Service Station Workers' Union include over 1,300 employees.

Employees in subsidiaries are also members of other trade unions. The Workers' Council of Petrol d.d., Ljubljana has three standing committees (Committee for Status and Personnel Matters, Committee for Occupational Safety and Health Matters and Trade Union Cooperation Committee) comprising 13 members representing all organisational units. The Worker Director, as a member of the Management Board, participates in decision-making in connection with issues relating to the formulation of personnel and social policy. The Supervisory Board of Petrol d.d., Ljubljana includes three employee representatives, who are elected by the Workers' Council.

Preventive and periodical medical examinations are carried out within the scope of ensuring health and safety at work. We also regularly educate and provide technical training to staff to ensure they work safely. In addition, the project "Healthy at Petrol" comprises programmes designed for preventive and curative measures and health promotion in the workplace. We also ensure the safety of work and appropriate professional qualification of our external colleagues by carrying out various technical programmes designed for them in the area of occupational safety. We lay down procedures relating to violence committed by third parties and we inform employees occupying higher-risk workplaces thereof.

Good health is a precondition for quality and success in life and at work. Through our Healthy at Petrol programme, we enable our staff to take part in different activities. The programme is mainly aimed at providing for a safe and stimulating working environment, raising the awareness of staff about the importance of remaining healthy and disseminating knowledge about a safe and healthy lifestyle at work which can then be reflected also in personal lifestyles. Promoting a healthy lifestyle of our staff and taking ownership of our own health can prevent various chronic illnesses that are usually the result of an individual's lifestyle (e.g. cardiovascular, respiratory and intestinal disease, obesity, cancer, early onset of dementia, osteoporosis). It can also improve the quality of life in old age.

Work organisation during the pandemic

The year 2020 was particular due to epidemic-related changes in the economic and health situation in the region. This interfered significantly with the regular work processes and redefined the focus of our activities related to the care for employees. These activities were mainly dedicated to safety at work, protective measures to maintain health, adjustment of training content and regular communication with employees regarding changes that have affected our work and life.

Due to a lower volume of business activity, some workers were put on furlough. The number of furloughed workers was then gradually reduced and the measure phased out completely in the six months of its introduction.

Work from home

Due to the epidemic, a considerable number of employees worked from home for the first time in 2020, which affected work processes, management methods and communication in organisational units, additionally encouraging us to update Rules on Working from Home or Teleworking and the Organisation of Remote Management Training for Managers. The Rules cover the areas that are significant in terms of organisation of work from home and introduce a revised procedure for approving work from home. Great attention is placed on ensuring safety and health at work. Employees who perform work at home on a larger scale have been provided with appropriate work equipment. However, all employees working from home are entitled to compensation for the use of their own resources. We developed an information solution for monitoring work from home, enabling the generation of analytical reports, which help us make decisions in this area.

"Well-being during coronavirus" survey

In May 2020, the employees of Petrol d.d., Ljubljana and at third-party managed service stations were invited to provide information about their well-being during the coronavirus epidemic. More than half of the employees, as many as 1,715, responded and completed the survey. Employees expressed satisfaction with the speedy provision of protective equipment and favourably assessed the possibility of working from home, which they acknowledged as a desired practice in the future. At the same time, they were concerned about the virus and the possibility of infection, and they felt additionally burdened by the situation. Based on the results, we implemented measures to alleviate the consequences of the epidemiological situation, including enhanced communication and the introduction of psychological support for employees.

Employee support programme

As of December 2020, employees of Petrol d.d., Ljubljana and at third-party managed service stations have at their disposal free counselling (via telephone or in person) in case of stress or problems in their professional or personal life. Mental health care is very important. By introducing this measure we want to equip employees with the resources necessary to successfully face more difficult challenges, while removing the stigma attached to mental health care. We know that only healthy and satisfied employees can be completely committed and full of energy to achieve our goals.

Main risks and risk management

No major risks are identified as regards Petrol's relations with the wider social environment from the point of view of support to different stakeholders. Through perfected processes of cooperation and allocation of funds to different stakeholder groups we ensure that such cooperation with the wider society is congruent with the legislation and the ethical principles of the Petrol Group. Risks related to human resources may arise in relation to the lack of required knowledge, skills, experience and motivation of employees, and the unwanted turnover of key personnel. In order to prevent, eliminate and manage cases of violence, mobbing, harassment and other forms of psychosocial risk at work, the Petrol Group adopted the Code of Conduct, which is handed to all employees, who thus become acquainted with Petrol's values and principles that commit us to respect ethical and professional standards. In the scope of the periodic organisational climate measurement and other internal surveys, the employees can express their opinion and draw attention to any irregularities. Management risks can lead to the risks of managerial competencies, disruptions in communication with employees, improper authorisation and limitation, risks of unrealistic, subjective and infeasible benchmarks.

Management risks are controlled through the regular measurement of organisational climate and employee satisfaction and commitment across the Petrol Group, the system of annual and quarterly interviews, the assessment of skills and leadership, the measurement of the quality of internal services and the adopted human resources strategy. We have introduced a system of mentoring and coaching, the main purpose of which is the transfer of good practices, knowledge, skills, values and experience.

The management of risks of fraud and other illegal acts is split into two subgroups that are subject to individual assessment, i.e. the risk of criminal offences/fraud and the corporate integrity risk. The risks of criminal offences/fraud include fraud committed by management, illegal acts, fraud, theft, abuse of employees and third persons, unauthorised use of resources, intentional damage and violent illegal acts. The management of the risk of criminal offences/fraud requires constant supervision and control. The risk of corporate integrity breach refers to the incompatibility of the Company's operations with the law, Petrol's Code of Conduct, other rules, applicable recommendations, internal regulations, good business practices and ethical principles.

The management of this risk includes the application of the compliance system (Rules on the Functioning of the Compliance Assurance System). Petrol is exposed to a higher risk of fraud due to the nature of its operations, which include point of sales operations involving cash registers and the selling of petroleum products. Pursuant to the Code of Conduct and internal regulations, a zero-tolerance policy to fraud has been adopted within the Petrol Group. In charge of the comprehensive management of the risk of fraud is a task force that has put together a fraud register, assessed the risk of certain acts of fraud being committed, catalogued existing preventive and remedial checks, and drew up actions for the containment of fraud. The responsibility to detect and investigate fraud within the Petrol Group is in the hands of Corporate Operations Control and Investigations, a professional service consisting of a qualified team of investigators. Risks related to the respect for human rights can emerge both within the Company as well as in its relations with external stakeholders. These risks are managed by adhering to applicable regulations.

Health and safety of employees and customers during the coronavirus epidemic

With the onset of the new SARS-CoV-2 coronavirus epidemic, Petrol faced challenges like none before when it comes to ensuring the health and safety of employees and public health. All the necessary departments immediately took measures to ensure the smooth operation of the Company.

Following the outbreak, a Business Continuity Coordination Team was immediately set up to address all current issues, scenarios for the smooth operation of points of sale, storage facilities and other infrastructure, the provision of appropriate protective equipment to employees and the implementation of other recommendations given by public health experts.

During the first wave, we prepared a revised risk assessment related to the Covid-19 epidemic so as to identify all the risks related to the new coronavirus biohazard. In collaboration with an occupational health doctor, we laid the foundations for a safe and healthy work environment for our employees, customers and visitors.

In order to be well prepared for the potential second wave in the autumn, we continued drafting an employee communication protocol, produced the necessary decision-making flowcharts for scenarios that we may encounter in the future and proceeded to continuously implement all other necessary actions.

During the second wave, we faced an increase in the number of employees who fell ill or were in close contact with an infected person, especially in a common household. Owing to adequate measures and proper and rapid information, there have been very few cases of the disease in the workplace.

In order to improve the recording of contacts with a sick and potentially sick person, we also prepared an electronic contact recording form, which helped professionals to assess the risk of contacts between employees and, at the same time, enabled employees to be notified more promptly. Steps were also taken to ensure that employees' personal data was processed only by occupational safety and health professionals on a need-to-know basis and the human resources department.

We were also subject to inspections in the field of occupational health and safety and trade activity, in the scope of which compliance with the measures set out in the risk assessment and additional measures stemming from the requirements of government decrees was checked. No major discrepancies were identified, most cases were closed during the on-site inspection.

In order to prevent the introduction of the virus by asymptomatic individuals (individuals having no severe symptoms of the new coronavirus disease), we organised voluntary testing with rapid antigen tests.

With the aim of identifying key operational factors in the field of occupational health and safety during the Covid-19 pandemic, we conducted a survey among managers of points of sale, which revealed that employees are sufficiently informed, the measures are clear and proportionate to the epidemiological situation and the employees receive information in a timely manner.

Key performance indicators

At Petrol, we measure progress, build relationships, ensure proper communication and provide for the management of employees through measuring organisational climate and employee satisfaction and commitment on a regular basis. We recognise our own strengths and areas where there is room for improvement. The organisational climate is good and stable, and employees of the Petrol Group are satisfied.

In 2020 more than 3,200 employees, or 70 percent, submitted their scores and comments in the survey. As in the previous years, we are pleased to say good results were achieved. The organisational climate remains stable. The comparison of the results with other companies in Slovenia shows that we are much more satisfied than the average employee of other Slovene companies. We improved internal cooperation and employee relations; our employees are proud to be part of Petrol and are committed to quality. Internal knowledge transfer is an important value of the Company. Since 2010 we have been monitoring the commitment of our employees, since 2017 their agility, and since 2018 also the perception of equality by gender and age. The share of actively non-committed employees has been declining for several years, and in 2020 it fell by an additional 3 percent, which means that employees enjoy being a part of the organisation.

In recent years, we have improved existing and introduced additional management and development systems, which helped us to improve greatly in this area. The Petrol Group systematically and routinely provides for the development and education of all employees. We provide various ways for employees to acquire expertise, skills and work experience. We continued remote training by means of M 365 tools and creating own materials in the e-classroom. We offered employees a series of short e-courses in corporate compliance, information security, remote team management skills, communication, sales and coaching skills.

Fifty-eight percent of the Petrol Group employees are male and 42 percent are female. Over the years, the structure has been gradually improving in favour of women, whose share has grown by an average of 1 percentage point per year since 2003. The gender balance differs across companies depending on the activity of each company.

Particular attention is given to expanding the culture of a family-friendly enterprise. We have been involved in the certification process for over ten years and we successfully passed a second final audit by an external audit council. We successfully implemented all the planned measures to facilitate the balance between work and private obligations.

In Note 6.6 Labour costs of the financial report we have disclosed the receipts of the employees of the Petrol Group and Petrol d.d., Ljubljana. The receipts of employees at third-party managed service stations are included in the item Costs of service station managers under Note 6.5 Costs of services. Added value per employee in the Petrol Group is presented in chapter Business highlights of 2020 (for more information, see chapters Employees, Information technology, Risk management in the Petrol Group).

Fight against corruption and bribery

Policy

Petrol is a signatory and ambassador of the Slovene Corporate Integrity Guidelines. In the pursuit of its work, it abides by high standards of business ethics and builds corporate culture promoting lawful, transparent and ethical conduct and decision-making by all staff.

Due diligence

Petrol's Code of Conduct contains provisions on fair and transparent operations and the prevention of bribery and corruption. Every employee receives the Code in physical form. The Code is also published on the intranet and online. Petrol has adopted rules on ensuring compliance of operations.

Petrol d.d., Ljubljana has three corporate integrity officers. They are appointed by the Company's Management Board with the approval of the Supervisory Board. Among other responsibilities, they provide expert assistance and explanations to employees. We have set up channels for reporting fraud and other violations both internally (kodeks@petrol.si or at https://www.petrol. eu/petrol-group/corporate-governance) and externally (through a web link https://www2.deloitte. com/si/en/pages/about-deloitte/articles/wbl-index.html and via the telephone number 080 13 95). Before concluding a (sales/purchase) transaction we obtain information from business partners using the "Know Your Client" (KYC) questionnaire whenever possible, on the basis of which we conduct a due diligence of the business partner. Obtaining data that forms an integral part of the questionnaire is a requirement under the provisions of the Prevention of Money Laundering and Terrorist Financing Act. We have adopted the Rules on conducting operations control and investigations in the Petrol Group. The purpose of the Rules is to determine actions and steps to be taken in operations control and when conducting investigations, and to establish an effective system of ensuring the integrity of the Company. The procedures for controlling operations and conducting investigations are aimed at quickly identifying and detecting violations as well as at establishing mechanisms for appropriate actions (sanctioning), enabling the Petrol Group to operate and conduct business in accordance with moral, legal and ethical principles. In the event of a suspected violation, procedures are initiated under a specific protocol. The implementation of supervision and investigation procedures in Petrol is carried out through the organisational unit Corporate Operations Control and Investigations. Special emphasis is on the protection of bona

fide whistleblowers. An internal audit of the corporate integrity risk management process was carried out, the results of which were also presented in the internal bulletin.

Main risks and risk management

The risks in the area of corruption and bribery could arise at all levels of Petrol's business; both among employees at the points of sale as well as with executive and other staff in different areas of business. In view of the above, risk-mitigating control mechanisms have been embedded in processes, for instance the publication of the Code of Conduct, regular communication about the Code and corporate integrity within Petrol, anti-corruption clauses in agreements with business partners and mandatory KYC procedures. Employees of the Petrol Group are also regularly trained in this field. We adopted the Rules on the Prevention, Identification and Elimination of the Consequences of Mobbing. A round table was organised - "We build partnerships on honesty" - at which we discussed the fight against corruption, possible corrupt practices and how to prevent them at Petrol.

All employees attended the Corporate Integrity training, which enhances the understanding and knowledge of how to act in an impartial, just, credible, responsible and trustworthy manner, adhere to high moral principles in accordance with Petrol's Code of Conduct, and how to act properly in case of detected irregularities.

Key performance indicators

The Petrol Group has a zero-tolerance policy towards criminal offences committed with intent.

Nada Drobne Popović President of the

Management Board

Matija Bitenc Member of the

Management Board

Jože Bajuk

Member of the Management Board Jože Smolič

Member of the Management Board Zoran Gračner

Member of the Management Board and Worker Director

Ljubljana, 11 March 2021

ANALYSIS OF BUSINESS PERFORMANCE AND IMPACT OF THE PANDEMIC ON THE PETROL GROUP'S OPERATIONS IN 2020

In 2020 the world faced a pandemic which, combined with strict health and protection measures, also had an impact on the operations of the Petrol Group. In January and February 2020, the Petrol Group operated without any disruption and according to plan in all of its markets. In March 2020, however, the business environment deteriorated considerably with the onset of the pandemic. Petrol has been closely monitoring the situation since the outbreak of the epidemic.

When developing measures and putting them into practice, the Petrol Group complied fully with instructions issued by authorities in all of its markets. Its primary concern were measures aimed at protecting the health of Petrol's customers and employees. The public was informed of all measures as they were taken (see https://www.petrol.eu/investors/publications?year=2020). Apart from certain restrictions (reduced working hours at some service stations), there was no disruption in the energy-product supply. The Petrol Group adapted its measures to reflect the latest situation in all of its markets.

The Petrol Group operates in two highly competitive industries – energy and trade. Besides trends in the area of energy and commerce, the Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market. The pandemic had an impact on all of the above factors, which were reflected in lower economic growth, consumption and production. The sectors most affected by the pandemic include aviation, public and individual transport, tourism and personal services. Due to a decline in demand, oil prices also decreased significantly. Oil prices per barrel ranged from USD 13.2 to USD 70.0 in 2020, with the average price of oil amounting to USD 41.8 per barrel in 2020, down 35 percent year-on-year.

Soon after the outbreak of the pandemic, the International Monetary Fund, the European Commission and other organisations assessed the economic impact of the pandemic. The Petrol Group covered the matter extensively in its Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first three months of 2020 (https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/publications/2020/05/report-on-the-operations-of-the-petrol-group-and-the-company-petrol-d.d.%2C-ljubljana-in-the-first-three-months-of-2020.pdf), its Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2020 (https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/2020/pages/investors/publications/08/report-on-the-operations-of-the-petrol-group-and-petrol-d.d.-ljubljana-in-the-first-six-months-of-2020.pdf) and in its Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first nine months of 2020 (https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/2020/pages/investors/publications/11/report-on-the-operations-of-the-petrol-group-and-petrol-d-d-ljubljana-in-the-first-nine-months-of-2020.pdf).

Overall, all assessments suggested that a significant decline in economic activity across countries was to be expected in 2020. To mitigate the negative effects of the epidemic, comprehensive packages of measures were adopted at the national level and by the ECB and the European Commission aimed at alleviating the loss of revenue of the economy and the general population, providing liquidity and supporting economic recovery.

In its Winter Forecast of Economic Trends (of 23 December 2020), the Institute of Macroeconomic Analysis and Development (IMAD) projected a 6.6-percent decline in GDP for Slovenia in 2020. After a deep fall in the second quarter of 2020, the economy recovered well in the third quarter as the measures taken to contain the pandemic were relaxed. In the last quarter of 2020, Slovenia saw another decline in economic activity, although a less pronounced one than in spring. This was also helped by businesses and consumers adapting to the new circumstances. Transport, together with accompanying sales of motor fuels, was among the sectors most affected by the pandemic. https://www.umar.gov.si/fileadmin/user-upload/napovedi/vmesna/zimska-2020/ ANG-ZimskaNGG_2020.pdf

The Petrol Group responded to the crisis caused by the epidemic in a comprehensive manner. Initially, activities were focused on ensuring the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities, however, had a long-term focus so that the Petrol Group could operate without interruption in a very different business environment.

The Petrol Group experienced a decline in the sale of both petroleum products and merchandise in all of its markets. Lower sales of petroleum products were mainly the result of measures taken by countries to contain the pandemic and restrict movement both between countries and local communities. In Slovenia, the epidemic was declared on 12 March 2020 and border crossings with the neighbouring countries were closed on 18 March 2020. Entering from Italy has been severely restricted already since 10 March 2020. On 15 March 2020, a ban and restrictions on public transport and an air traffic ban entered into force. From 30 March to 30 April 2020, restrictions on movement between municipalities (with some exceptions) were in force. At its meeting of 14 May 2020, the Government of the Republic of Slovenia adopted the Ordinance on the revocation of epidemic of contagious disease SARS-CoV-2 (Covid-19) which started to apply on 31 May 2020. In Croatia, the Group's second largest market, the epidemic was declared on 11 March 2020. On 19 March 2020, the borders were closed and restrictions on movement between the counties were introduced. Within the counties, movement was regulated as decided by each county. The restrictions on movement were lifted on 11 May 2020.

Already in August, as the epidemiological situation began to worsen again, some countries re-introduced measures to curb the pandemic (mandatory quarantine on arrival from countries with a poor epidemiological situation). In September, but even more so in October, Slovenia and most other European countries faced a second wave of the epidemic. Due to a sharp increase in the number of infections in Slovenia, the Government of the Republic of Slovenia re-introduced measures to contain the epidemic, many of which have to do with movement restrictions, which will again have a negative impact on the Petrol Group's sales. Since 16 October 2020, movement in Slovenia has been restricted to statistical regions. Since 24 October 2020, however, crossing municipal borders has been forbidden again (with certain exceptions). In addition, a ban on the movement of people between 9 pm and 6 am has been put in place (with certain exceptions). In the run-up to the New Year, movement restrictions were partly relaxed in regions with a better epidemiological situation, whereas during the Christmas and New Year holidays, movement was allowed throughout the country. In early 2021, a ban on movement between municipalities was reinstated (with exceptions provided for in the current Ordinance on the temporary partial restriction of movement of people and on the prohibition of gathering of people to prevent the spread of Covid-19). The ban on the movement of people between 9 pm and 6 am is still in place.

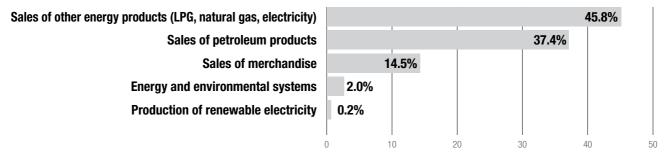
Due to the pandemic, even more attention was paid in 2020 to measures aimed at lessening the impact of economic conditions on our operations, such as:

- · receivables and credit exposure to customers were subjected to tighter control;
- the amount of current operating assets was optimised, while the stocks of petroleum products were kept at levels that were still sufficient for the performance of business activities;
- · credit lines were maintained with a number of banks in Slovenia and abroad, enabling Petrol to keep ensuring uninterrupted liquidity to the Petrol Group.

Sales revenue

In 2020 the Petrol Group generated EUR 3.1 billion in **sales revenue** or 30 percent less than in 2019. This was mostly due to lower oil prices and lower sales of petroleum products caused by the pandemic.

SALES REVENUE OF THE PETROL GROUP BROKEN DOWN BY ACTIVITY



Adjusted gross profit

Adjusted gross profit from sales stood at EUR 426.9 million, a decrease of 10 percent on the previous year. This was mainly the result of a drop in petroleum product sales caused by the pandemic.

Costs

Costs (EUR)	2020 results	2019 results	2020/2019 Index
Costs of materials	27,934,256	29,066,046	96
Costs of services	133,344,297	142,645,358	93
Labour costs	102,856,574	103,688,725	99
Depreciation and amortisation	74,994,167	68,886,670	109
Other costs	26,938,726	1,975,769	-
Total operating costs	366,068,020	346,262,568	106

The Petrol Group's **operating costs** totalled EUR 366.1 million in 2020, which was EUR 19.8 million or 6 percent more than in 2019.

The costs of materials totalled EUR 27.9 million in 2020, which was EUR 1.1 million or 4 percent less than in 2019. The costs of energy decreased by EUR 1.4 million or 7 percent, which was mainly due to lower output by companies in the segment of energy and environmental solutions. This, in turn, was the result of lower sales during the lockdown (hotels, schools). Conversely, the costs of consumables increased by EUR 0.4 million or 6 percent, mainly on account of protective equipment costs due to the coronavirus.

The costs of services totalled EUR 133.3 million and were down EUR 9.3 million or 7 percent from 2019.

- The most significant part of the costs of services were the fees charged by service station managers, which equalled EUR 34.6 million and were down EUR 0.5 million or 1 percent compared to the previous year. This was mainly due to lower student work costs resulting from the streamlining of operations during the epidemic.
- The costs of transport services stood at EUR 29.1 million, which was EUR 2.4 million or 8 percent less than in the previous year. This was due to a lower volume of fuel sold in Slovenia. The structure of the sales in EU markets shows that much more fuel was sold from Rače than from Sermin in 2020 as compared to the previous year. This caused the costs of transport to increase but they were adequately offset with revenue. The largest drop in sales was recorded in the segment of fuel, where the costs of transport per unit are the lowest.
- The costs of fixed-asset maintenance services totalled EUR 20.7 million, an increase of EUR 1.1 million or 5 percent from the previous year. This was mainly the result of the costs of protective screens installed at service stations due to the coronavirus and the costs of municipal utility services, maintenance of natural gas distribution networks, the absorption of Crodux plin and the integration of Atet into the Petrol Group.
- The costs of professional services stood at EUR 10.0 million in 2020 and were up EUR 0.7 million or 8 percent from 2019. This was the result of higher costs of certain projects (ERP) and M&A projects, accompanied by a decrease in student work costs.

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- The costs of payment transactions and bank services amounted to EUR 9.6 million, which was EUR 1.2 million or 11 percent less than in the previous year. This was mainly due to lower sales and lower petroleum product prices.
- · Lease payments totalled EUR 5.3 million and were down EUR 1.1 million or 16 percent from 2019, mainly on account of lower costs of computer leasing.
- Amounting to EUR 4.9 million, the costs of fairs, advertising and entertainment decreased by EUR 3.9 million or 45 percent compared to the previous year, due to a decrease in advertising activities
- Outsourcing costs stood at EUR 4.2 million and were down EUR 1.1 million or 21 percent relative to 2019, chiefly due to lower sales during the lockdown (hotels, schools).
- The costs of insurance premiums totalled EUR 4.1 million and were up EUR 0.1 million or 2 percent from 2019.
- Other costs of services totalled EUR 3.4 million and were down EUR 1,0 million or 22 percent from 2019.

Labour costs totalled EUR 102.9 million and were down 1 percent or EUR 0.8 million. In line with the measures taken by countries to contain the Covid-19 epidemic, the Petrol Group made use of measures relating to the reimbursement of labour costs of EUR 4.8 million, recording their effects as a decrease in labour costs.

The depreciation and amortisation charge stood at EUR 75.0 million, an increase of 9 percent or EUR 6.1 million relative to 2019. This was mainly the result of the absorption of Petrol Crodux Plin d.o.o.by the Petrol Group and the integration of Atet d.o.o. into the Petrol Group (in the second half of 2019) as well as of investments in retail network of the Petrol Group and the expansion of energy operations.

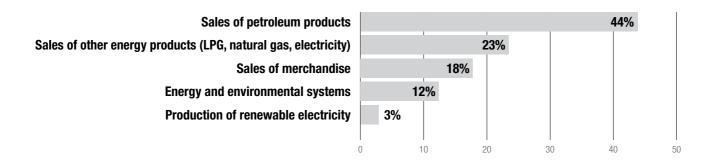
Other costs stood at EUR 26.9 million, which was EUR 25.0 million more than in 2019, owing to an increase in impairment of assets and write-downs of EUR 16.2 million as well as to a lower reversal of other provisions and other liabilities of EUR 10.7 million as compared to 2019.

In 2020 we paid particular attention to optimising costs and streamlining operations, which will be reflected in future operations of the Petrol Group.

Other operating revenue stood at EUR 105.8 million, which was EUR 19.6 million more than in 2019. Gain on derivatives totalled EUR 100.1 million or 20.1 million more than in 2019. **Other operating expenses** stood at EUR 75.0 million, which was EUR 9.7 million less than in 2019. Loss on derivatives stood at EUR 74.5 million, which was EUR 9.9 million less than in 2019.

Operating profit totalled EUR 91.6 million in 2020, which was 28 percent less than in 2019. **EBITDA** totalled EUR 166.6 million or 15 percent less than in 2019.

EBITDA OF THE PETROL GROUP BROKEN DOWN BY ACTIVITY



In 2020 the **share of profit from equity accounted investees** increased by EUR 1.0 million relative to the previous year.

Net finance expenses of the Petrol Group stood at EUR 9.7 million, which was EUR 6.2 million more than the year before. In 2020 net loss on derivatives was up EUR 6.4 million relative to 2019, with net gains on foreign exchange differences increasing by EUR 4.9 million year-on-year. In 2020 the Petrol Group's allowances for operating and financial receivables were up by EUR 1.4 million compared to 2019. Allowances for receivables reversed and bad debt recovered were EUR 1.8 million lower in 2020 compared to 2019. Net interest expense was EUR 1.5 million lower in 2020 compared to 2019. The Petrol Group's impairment of investments and of goodwill stood at EUR 3.6 million in 2020, while no such impairment was recorded in 2019.

Pre-tax profit totalled EUR 85.5 million and was 33 percent lower than in 2019. **Net profit for the year 2020** stood at EUR 72.3 million, a decrease of 31 percent from 2019.

IMPACT OF GOVERNMENT GRANTS ON LABOUR COSTS, EBITDA AND PRE-TAX PROFIT

The Petrol Group (EUR million)	2020 results	2019 results	2020/2019 Index
Adjusted gross profit	426.9	472.9	90
Labour costs, including government grants	102.9	103.7	99
Labour costs, excluding government grants	107.6	103.7	104
EBITDA, including government grants	166.6	196.5	85
EBITDA, excluding government grants	161.8	196.5	82
Pre-tax profit, including government grants	85.5	127.1	67
Pre-tax profit, excluding government grants	80.7	127.1	63

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Financial position of the Petrol Group

STATEMENT OF FINANCIAL POSITION OF THE PETROL GROUP

The Petrol Group (EUR)	31 December 2020	31 December 2019	2020/2019 Index
Assets			
Intangible assets, property, plant and equipment, investment property	922,376,264	924,494,015	100
Investments in jointly controlled entities and associates	56,515,407	55,265,880	102
Right-of-use assets	62,401,606	71,538,949	87
Other non-current assets	27,680,805	27,170,498	102
Non-current (long-term) assets	1,068,974,082	1,078,469,342	99
Inventories	169,933,758	175,690,478	97
Operating receivables	366,441,439	474,132,118	77
Cash and cash equivalents	88,674,952	41,730,269	212
Other current assets	98,054,220	89,571,722	109
Current assets	723,104,369	781,124,587	93
Total assets	1,792,078,451	1,859,593,929	96
equity and liabilities			
Total equity	826,669,437	811,252,257	102
Financial liabilities	303,431,060	287,757,788	105
Lease liabilities	54,397,111	62,893,671	86
Operating liabilities	727,182	942,817	77
Other non-current liabilities	78,184,574	62,467,899	125
Non-current liabilities	436,739,927	414,062,175	105
Financial liabilities	48,766,555	38,983,796	125
Lease liabilities	10,069,352	9,718,871	104
Operating liabilities	437,216,148	552,151,273	79
Other current liabilities	32,617,032	33,425,557	98
Current liabilities	528,669,087	634,279,497	83
Total liabilities	965,409,014	1,048,341,672	92
Total equity and liabilities	1,792,078,451	1,859,593,929	96

The most important items of **non-current assets** consisted of property, plant and equipment, intangible fixed assets and investment property, which totalled EUR 922.4 million and were on a par with the 2019 end-of-year figure. Right-of-use assets totalled EUR 62.4 million at the end of 2020, which was 13 percent less than at the end of 2019. Non-current investments in jointly controlled entities and associates stood at EUR 56.5 million, which was EUR 1.2 million more than in 2019.

The management of **current assets**, which accounted for 40 percent of the Petrol Group's total assets, is given particular attention. The amount of current operating assets affects the amount of borrowing from suppliers and banking institutions. With short-term crediting ensured both at home and abroad, we are, however, able to respond quickly to changes in the amount of these assets. Compared to the end of 2019, the balance of operating receivables as at the last day of 2020 decreased by 23 percent.

The value of inventories decreased by 3 percent year-on-year. Oil prices were lower at the end of 2020 than at the end of 2019, while the quantity of goods inventories was slightly higher.

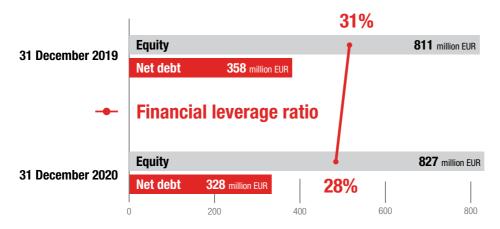
In the area of credit risk management, we closely follow all procedures of credit insurance companies. The Petrol Group has secured around 80 percent of all receivables which individually exceed a nominal value of EUR 100,000. We monitor customer payments on a daily basis and, where appropriate, adopt measures to reduce credit risk. Despite the negative impact on the economy, payment discipline has not significantly deteriorated so far.

As at the last day of the period, the Petrol Group had EUR 86.2 million in **working capital** or EUR 2.6 million more than at the end of 2019 when it had stood at EUR 83.6 million.

Cash from operating activities totalled EUR 186.9 million in 2020, which was EUR 49.5 million less than in 2019. Own funds generated by the Petrol Group were used for investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks. The net financial liabilities to equity ratio (**net D/E ratio**) was 0.40 as at the last day of 2020, while at the end of 2019 it had stood at 0.44. **The net debt to EBITDA ratio** stood at 2.0 at the end of 2020 compared to 1.8 at the end of 2019. **The financial leverage ratio** stood at 28 percent at the end of 2020, down from 31 percent at the end of 2019.

Ensuring sufficient liquidity was of high priority as soon as the pandemic broke out. Liquidity management consisted of drawing on existing credit lines to create a substantial liquidity cushion that helped us cope with tight market conditions in April and May 2020. We have entered into additional agreements with some lenders to build up back-up credit lines. When determining the needs for additional potential debt, we took into account the appropriate net debt to EBITDA ratio.

EQUITY, NET DEBT AND FINANCIAL LEVERAGE RATIO



The Petrol Group's net investments totalled EUR 85.4 million in 2020. As a result of the pandemic, they were temporarily limited to the most urgent ones that were necessary to ensure smooth and secure operations. The Petrol Group decided on the remaining investments in line with the development of business conditions.

The Petrol Group was in a very good business and financial condition before the pandemic. Despite the difficult business conditions, it will continue to pursue its strategic objective of ensuring stable operations also by maintaining an appropriate debt to EBITDA ratio.

A shareholder policy that is based on the long-term maximisation of returns for shareholders is still one of the cornerstones of Petrol's development strategy. The Management Board of Petrol d.d., Ljubljana advocates a stable long-term dividend policy, which fits best the Petrol Group's long-term development targets. Despite the pandemic, Petrol d.d., Ljubljana paid out the highest dividends to date in 2020, amounting to EUR 22.0 per share (gross).

On 24 June 2020, Standard & Poor's Ratings Services reaffirmed Petrol d.d., Ljubljana's "BBB-" long-term credit rating, its "A-3" short-term credit rating and its "stable" credit rating outlook.

ALTERNATIVE PERFORMANCE MEASURES

To present its business performance, the Petrol Group also uses alternative performance measures (APMs) as defined by ESMA. In 2020 a new alternative performance measure was added: ROCE. ROCE is used in assessing the Company's profitability and its capital efficiency as it shows how well the Company is generating profits from its long-term sources of finance.

The APMs we have chosen provide additional information about the Petrol Group's performance.

ALTERNATIVE PERFORMANCE MEASURES

APM	Calculation information	Reasons for choosing the measure
Adjusted gross profit	Adjusted gross profit = Revenue from the sale of merchandise and services — Cost of goods sold	The Petrol Group has no direct influence over global energy prices, which makes the adjusted gross profit more appropriate to monitor business performance.
EBITDA	EBITDA = Operating profit net of allowances for operating receivables and impairment of goodwill + Depreciation and amortisation net of depreciation of environmental fixed assets, which stood at EUR 10.8 thousand in 2020 and EUR 457.2 thousand in 2019. The depreciation of environmental fixed assets is excluded because long-term deferred revenue has been created for this purpose which is reallocated each year to other operating revenue at an amount corresponding to the depreciation of environmental fixed assets (for more information, see Note 6.35 in the financial report).	EBITDA indicates business performance and is the primary source for ensuring returns to shareholders.
EBITDA/Adjusted gross profit	Ratio = EBITDA/Adjusted gross profit	The ratio is a good approximation of the share of free cash flows from operating activities in adjusted gross profit.
Operating costs/Adjusted gross profit	Ratio = Operating costs/Adjusted gross profit	The ratio is relevant because it concerns the cost- effectiveness of operations.
Net debt/Equity	Net debt = Current and non-current financial liabilities + Current and non-current lease liabilities - Cash and cash equivalents; Ratio = Net debt/Equity	The ratio reflects the relation between debt and equity and is, as such, relevant for monitoring the Company's capital adequacy.
Net debt/EBITDA	Ratio = Net debt/EBITDA	The ratio expresses the Petrol Group's ability to settle its financial obligations, indicating in how many years financial debt can be settled using existing liquidity and cash flows from operating activities.
ROE	ROE = Net profit/Average equity	The ratio indicates the Petrol Group's efficiency to generate net profit relative to equity. Return on equity also reflects management's performance in increasing the value of the Company for its owners
ROCE	ROCE = Operating profit / (Total assets - Current liabilities)	The ratio shows how efficient the Petrol Group is in generating profits from its long-term sources of finance.
Added value/Employee	Added value per employee = (EBITDA + Integral labour costs)/Average number of employees. Integral labour costs = Labour costs relating to Petrol Group employees + Labour costs relating to third-party managed service stations, which stood at EUR 28.1 million in 2020 and EUR 27.2 million in 2019.	This productivity ratio indicates average newly created value per Petrol Group employee.
Working capital	$\label{eq:working} Working\ capital = Operating\ receivables + Contract\ assets + Inventories - Current\ operating\ liabilities - Contract\ liabilities$	The ratio reflects operational liquidity of the Petrol Group.
Financial leverage	Financial leverage = Net debt/(Equity + Net debt)	Financial leverage indicates the proportion to which the Petrol Group's operations are financed through equity relative to borrowing.
Net investments	Net investments = Investments in fixed assets (EUR 78.6 million in 2020) + Non- current investments (EUR 12.5 million in 2020) – Disposal of fixed assets (EUR 5.7 million in 2020).	The information about investments reflects the direction of the Petrol Group's development.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

On 5 January 2021, Petrol d.d., Ljubljana completed a transaction with the selling company Elektro Primorska d.d. to acquire a 100-percent interest in the company E 3, d.o.o., following the fulfilment of suspensive conditions.

On 12 January 2021, Petrol d.d., Ljubljana signed a contract with the seller, Mr Ivan Čermak, to acquire a 100-percent interest in the company Crodux Derivati Dva d.o.o. The transaction will be completed following the fulfilment of suspensive conditions, which include obtaining approvals from the relevant competition authorities.

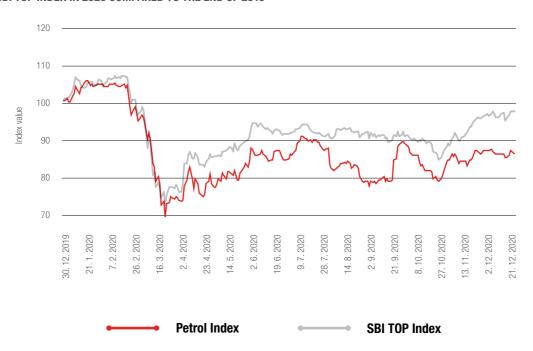
PETROL'S SHARES

The year 2020 was less successful for investors at the Ljubljana Stock Exchange than the previous one. Due to the impact of Covid-19, share prices at LJSE were on average lower at the end of 2020 than at the end of 2019. This was also reflected in the SBI TOP index, which lost 2.8 percent relative to the end of 2019, reaching 900.37 points at the end of the year.

Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE), and have been listed there since 5 May 1997. In 2020 the volume of trading in Petrol's shares at the stock exchange amounted to EUR 51.4 million, an increase of 95 percent from 2019. Petrol's shares were again one of the most traded among those listed on the Ljubljana Stock Exchange.

In contrast to the previous year, 2020 was marked by the emergence of Covid-19 and the resulting decrease in the prices of most shares traded on the Ljubljana Stock Exchange. Petrol's share price exhibited a negative trend in 2020, being 13.3 percent lower at the end of 2020 as compared to the end of 2019, while the SBI TOP index lost 2.8 percent during this period. The shares accounted for 22.92 percent of the index as of 21 December 2020.

BASE INDEX CHANGES FOR PETROL'S CLOSING SHARE PRICE AGAINST THE SBI TOP INDEX IN 2020 COMPARED TO THE END OF 2019

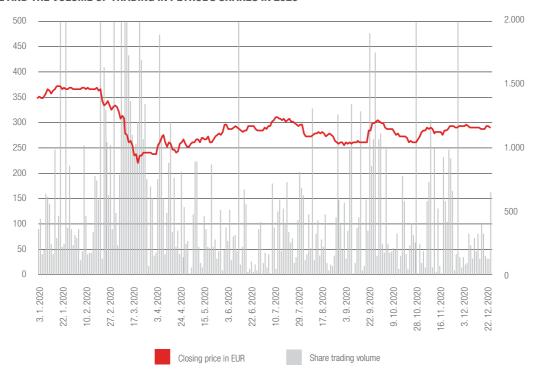


At the end of December 2020, the share price stood at EUR 325.00 and was down 13.3 percent year-on-year. The average price of Petrol's shares, which stood at EUR 326.66 in 2020, was down 5.6 percent year-on-year. The closing share price ranged between EUR 266.00 and EUR 394.00 in 2020.

PETROL'S SHARE PRICES IN 2020 AND 2019 IN EUR

	2020	2019
Total shares outstanding	2,086,301	2,086,301
Highest closing price for the year	394.00	375.00
Lowest closing price for the year	266.00	315.00
Average closing price for the year	326.66	346.02
Closing price as at last trading day of the year	325.00	375.00
Closing price increase/decrease (closing price as at last trading day of the year/closing price as at last trading day of the previous year)	-13.33%	20.97%

CLOSING PRICE AND THE VOLUME OF TRADING IN PETROL'S SHARES IN 2020



Trading volume and market capitalisation

The volume of trading in Petrol's shares at the Ljubljana Stock Exchange amounted to EUR 51.4 million in 2020, including batch trading (totalling EUR 7 million), and was up 95 percent from 2019. The increase in the trading volume is the result of a rise in the number of Petrol's shares traded in 2020 (156,608 shares) relative to the previous year (75,691 shares). The trading in Petrol's shares accounted for 12.8 percent of the Ljubljana Stock Exchange total trading volume, which stood at EUR 400.9 million, and 12.9 percent of the stock market's share trading volume.

The shares of Petrol d.d., Ljubljana were ranked second on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 4.3 million.

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2020 totalled EUR 678 million, which accounted for 9.8 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana was ranked fourth in terms of market capitalisation as at the last trading day of 2020.

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Key financial indicators for Petrol's shares

The Petrol Group's earnings per share (EPS) for the year stood at EUR 35.19 and its cash earnings per share (CEPS) at EUR 71.67. The return per share calculated by comparing the closing share price as at the end of 2020 and the closing share price as at the end of 2019 was negative and stood at -13.3 percent. Combined with the dividend yield of 5.9 percent, the total return per share stood at -7.4 percent in 2020.

The ratio between the shares' market price and book value as at the end of 2020 – the latter amounting to EUR 396.24 in the case of the Petrol Group – was 0.82 (P/BV), which was lower than at the end of 2019. The ratio between the shares' market price as at the end of 2020 and the Petrol Group's earnings per share stood at 9.24 (P/E).

Share capital structure

The structure of Petrol d.d., Ljubljana share capital changed slightly in 2020 compared to the end of the previous year. As a result of the depositary in Slovenia being changed by Češkoslovenska Obchodni Bank, A.S. – fid., Clearstream Banking SA – fid is now the largest single shareholder, with 284,652 shares. It is followed by Slovene Sovereign Holding with 264,516 shares, the Republic of Slovenia with 225,699 shares and Kapitalska družba d.d. with 172,639 shares. Other large single shareholders include OTP banka d.d. – client account, Vizija Holding d.o.o., Vizija holding ena d.o.o., Perspektiva FT d.o.o., Citibank N.A. – escrow account, and NKBM d.d.

The chart presenting the ownership structure is shown in the corporate governance statement of Petrol d.d., Ljubljana.

At year-end, 568,548 shares or 27.3 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2019, the number of foreign shareholders increased by 0.3 percentage points, while the total number of shareholders decreased from 22,632 as at the end of 2019 to 22,220.

SHARES OWNED BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD AS AT 31 DECEMBER 2020

	Name and Surname	Position	Shares owned	Equity share
Sup	pervisory Board		175	0.0084%
	Internal members		88	0.0042%
1.	Marko Šavli	Member of the Supervisory Board	88	0.0042%
2.	Alen Mihelčič	Member of the Supervisory Board	0	0.0000%
3.	Robert Ravnikar	Member of the Supervisory Board	0	0.0000%
	External members		87	0.0042%
1.	Sašo Berger	President of the Supervisory Board	0	0.0000%
2.	Igo Gruden	Deputy President of the Supervisory Board	0	0.0000%
3.	Sergij Goriup	Member of the Supervisory Board	5	0.0002%
4.	Metod Podkrižnik	Member of the Supervisory Board	82	0.0039%
5.	Mladen Kaliterna	Member of the Supervisory Board	0	0.0000%
6.	Janez Pušnik	Member of the Supervisory Board	0	0.0000%
Ma	nagement Board		4	0.0002%
1.	Nada Drobne Popović	President of the Management Board	4	0.0002%
2.	Matija Bitenc	Member of the Management Board	0	0.0000%
3.	Jože Bajuk	Member of the Management Board	0	0.0000%
4.	Jože Smolič	Member of the Management Board	0	0.0000%
5.	Zoran Gračner	Member of the Management Board and Worker Director	0	0.0000%

Other explanations by Petrol d.d., Ljubljana

The prospectus of the company Petrol d.d., Ljubljana, which has been prepared for the purpose of listing its shares on the stock exchange, is published on the Company's website. All changes to the prospectus are published in the Company's strategy document, annual reports of Petrol d.d., Ljubljana and its public announcements available from the Company's website http://www.petrol.eu/ and the website of the Ljubljana Stock Exchange http://seonet.ljse.si/.

Contingent increase in share capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2020 regarding the contingent increase in share capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2020. As at the last day of 2020, the number of own shares stood at 30,723, representing 1.5 percent of the share capital. This includes 24,703 own shares that were acquired by Petrol d.d., Ljubljana in the period from 1997 to 1999. Their total cost equalled EUR 2.6 million as at 31 December 2020 and was EUR 7.4 million lower than their market value on that date. The remaining 6,020 shares are the shares that are considered as own shares which were held by the subsidiary Geoplin d.o.o. Ljubljana at the time it was incorporated in the Petrol Group.

Own shares of Petrol d.d., Ljubljana, in total 36,142 (without the shares of Geoplin d.o.o. Ljubljana), were purchased between 1997 and 1999. The Company may acquire these own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and as remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the Company's Articles of Association.

In accordance with a resolution of the 27th General Meeting held on 10 April 2017, the Company's Management Board is authorised to acquire own shares within 36 months of the adoption of the resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares plus 6,020 own shares of Geoplin d.o.o. Ljubljana, in total 30,723 own shares), 10 percent of the Company's share capital (208,630 shares). In 2018, 2019 and 2020, Petrol d.d., Ljubljana did not adopt a programme to prepare a policy for creating own shares. The General Meeting resolution expired on 10 April 2020.

A dividend policy maximising long-term returns

A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend payout. This fits best with the Company's development needs as it delivers more predictable returns and long-term stability of Petrol's share price.

In accordance with a resolution of the 31st General Meeting of 23 July 2020, Petrol paid out in 2020 a gross dividend for 2019 of EUR 22 per share.

OVERVIEW OF DIVIDEND PAYMENTS 2014 - 2019

Period	Gross dividend per share
2014	11.70 EUR
2015	12.60 EUR
2016	14.00 EUR
2017	16.00 EUR
2018	18.00 EUR
2019	22.00 EUR

Accumulated profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act, stood at EUR 45.36 million in 2020.

Regular participation in investors' conferences and access to information

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public presentations.

The Company also regularly attends investors' conferences organised each year by stock exchanges, brokerage companies and banks. There were several individual meetings with investors and analysts in 2020. In March, June and September, we took part in a webcast of the Ljubljana Stock Exchange, while also participating in the Investors' Day organised by Ljubljana and Zagreb stock exchanges at the beginning of December however quite a few events were cancelled due to the coronavirus (Covid-19) pandemic.

All information relevant to shareholders, including the financial calendar, is published on the Company's website. The contact person responsible for investor relations is Ms Barbara Jama Živalič, who can be reached at investor.relations@petrol.si.

RISK MANAGEMENT

The Petrol Group operates in two intensive and challenging business activities: trading and energy. Both areas are facing significant changes, which require a fresh view of the key business model concepts. In the energy field, increasing importance is given to energy efficiency, new uses of existing energy products and to the development of new ones. There is increasing awareness of sustainable development, accompanied by tightening regulations. In trading, we are noticing a shift in the behaviour of end customers who are becoming more engaged and digitally aware. The Petrol Group is aware of these changes and has responded to them in its 2021 – 2025 strategy. We are addressing the trends in the energy industry with a comprehensive range of energy solutions. Thanks to new digital channels, a broader range of energy products and personalised offer, we will be even closer to our customers, helping them to make a transition from traditional energy sources to cleaner renewable energy. The described changes in the business environment and related trends increase risks while providing new opportunities. In its 2021 – 2025 strategy, the Petrol Group has adjusted its business objectives according to its risk management policies and its risk appetite.

In 2020 the pandemic was an additional and significant risk management factor with a sweeping impact on the Petrol Group's operations. The Petrol Group responded to the pandemic crisis in a comprehensive manner. Initially, activities were focused on ensuring the health of customers and employees, on the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities, however, have had a long-term focus so that the Petrol Group can operate without interruption in a very different business environment. A report on the impact of the Covid-19 pandemic on the Petrol Group's operations and risk management is also available in chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020.

In addition to the strategic risks described above and the risks arising from the business environment, financial (credit, liquidity, market, etc.) risks remained the Petrol Group's most relevant and probable risks according to the latest risk assessment from 2019. That is why several activities were carried out in this area in 2020. This resulted in updated risk assessment and monitoring methodologies being implemented, committees being established and improvements being made to the processes used to continuously control and monitor risk management at a global level and contribute to reducing the Petrol Group's exposure to individual financial risks.

In connection with credit risks, we paid attention to our customers' solvency and, by extension, the balance and quality of operating receivables. We have also continued to build on the solid foundations laid in recent years in terms of the collaterals we hold. As at 31 December 2020, 80 percent of Petrol's trade receivables individually exceeding EUR 100,000 were secured through insurance policies, bank guarantees and other appropriate insurance instruments. In 2019 credit risk management was upgraded as we switched to a new information system that monitors our partners' credit risk and supports the process of setting credit limits. The system was deployed within the parent company in 2019 and at a subsidiary in 2020. Most other Group companies of major significance will transition to the new system in 2021, as scheduled.

The Credit Committee continued to actively pursue its mandate. In 2020 we further updated the system of limits in the B2B segment of credit risks, partially as a result of changes to the credit insurance system itself and partially due to the pandemic. Realising that our partners, just like us, will also face the financial consequences of the pandemic, we paid even more attention to receivables management.

Liquidity of Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by managing the Petrol Group's debt. During the spring wave of the pandemic, we gave particular attention to maintaining the liquidity of the Petrol Group. In ensuring the structural liquidity of the Petrol Group we follow the guidelines set out in connection with the rating assigned to us by Standard & Poor's Ratings Service. In 2020 our investment grade BBB- long-term credit rating, A-3 short-term credit rating and our stable credit rating outlook were reaffirmed by the agency. This continues to provide us with better access to financial

sources and, at the same time, a stable financial position. In 2020 the Petrol Group's Management of Assets and Liabilities Board continued to monitor liquidity, foreign exchange and interest rate risks.

The Petrol Group plays an increasingly important role in electricity sales, distribution and trading. As in the previous year, it was therefore necessary in 2020 to devote a lot of attention to credit, price and volumetric risks in this area and to upgrade the system of limits and its monitoring and reporting processes. We also strengthened our IT support systems for market risk monitoring.

The above activities help us to develop a risk-awareness culture to ensure better control over the risks and high-quality information for decision-making at all operational levels. Risk management concerns each Petrol Group employee who is, as a result of their decisions and actions, exposed to risks on a daily basis while carrying out their work assignments and responsibilities. The very fact that at the Petrol Group risk management is integrated into all aspects of business enables us to generate added value for shareholders and maintain the investment-grade credit rating.

Strategic outline for risk management at the Petrol Group

Strategic orientation: To ensure stable business growth while taking on moderate levels of risk. To adjust the required rate of return to expected risks.

We are willing to take on risks arising from the Petrol Group's development strategy, which provides for stable business growth also in the future. We tread carefully, however, when taking on risks arising from:

- · expansion to new activities and markets in line with the strategic outline;
- · operations related to existing activities.

We are not willing to take on the following risks:

- · environmental risks;
- · risks affecting the safety and health of our staff;
- · reputational risks;
- risks of fraud and corruption;
- · risk of losing the investment-grade credit rating (arising from the Petrol Group's operations).

In accordance with this overarching principle, the following strategic risk management orientations of the Petrol Group were defined:

- 1. The Petrol Group shall monitor changes in the industry and markets, and proactively adapt its operations and targets in order to achieve its strategic objectives.
- 2. New investments of the Petrol Group shall be aligned with its strategic and financial plans, and the required rates of return shall reflect the risks assumed.
- 3. The Petrol Group's human resources policy shall be aligned with its strategic orientations. The human resources department shall be actively involved in staff development and training while also monitoring the organisational climate.
- 4. The Petrol Group shall promote compliance with the law and internal rules and, through its values and Code of Conduct, seek to build a corporate culture that promotes lawful, transparent and ethical conduct and decision-making.
- 5. The Petrol Group shall be mindful of the operational risks it is facing and shall seek to establish an appropriate process, systemic and IT environment which allows for its strategic development and reduces operational risk to an acceptable level.
- 6. The Petrol Group shall secure its energy product sales margins either through natural adjustments or derivative trading in order to hedge risk and ensure the stability of cash flows.
- 7. The Petrol Group shall make sure that its partner portfolio is of high quality and appropriately dispersed. The Petrol Group shall strive to have its at-risk receivables sufficiently secured, either by obtaining credit insurance instruments or taking out insurance.
- 8. The Petrol Group shall provide for long-term financial stability through sustainable financial leverage.
- 9. The Petrol Group shall manage its short-term liquidity by matching inflows and outflows and by maintaining adequate credit lines.
- 10. The Petrol Group shall make every effort to hedge its interest rate risk.

Petrol's risk model with most relevant and probable risk

Petrol's risk model consists of an integrated set of 20 risk categories divided into two major groups: environment risks and performance risks.

RISK CATEGORIES WITHIN THE PETROL GROUP

I. Environment risks

- I.1. Political risks
- I.2. Economic environment risks
- I.3. Financial environment risks
- I.4. Legislation and regulation risks
- I.5. Disaster risks

II. Performance risks

II.1. Operational risks

- II.1.1. Human resources management and leadership risks
- II.1.2. Process risks
- II.1.3. Information system risks
- II.1.4. Security and safety risks
- II.1.5. Risks of discontinued operations

II.2. Strategic risks

- II.2.1. Strategic decision-making risks
- II.2.2. Business decision-making risks
- II.2.3. Information risks

II.3. Risks of fraud and other illegal acts

- II.3.1. Risks of criminal offences/fraud
- II.3.2. Corporate integrity risks

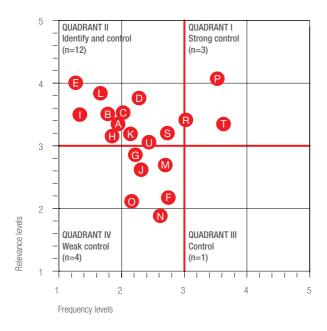
II.4. Financial risks

- II.4.1. Price and volumetric risks
- II.4.2. Credit risks
- II.4.3. Liquidity risks
- II.4.4. Foreign exchange risks
- II.4.5. Interest rate risks

According to the latest risk assessment, which was performed in 2019, the most relevant and probable risks still comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk. To control and manage these risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, interest rate risks, information risks, economic environment risks, business decision-making risks and political risks.

The chart below shows the distribution of individual risks according to the latest assessment.

DISTRIBUTION OF THE PETROL GROUP'S RISKS ACCORDING TO THE LATEST ASSESSMENT



- Δ Political risks
- B Financial environment risks
- C Economic environment risksD Legislation and regulation risks
- E Disasters
- F Human resources management and leadership risks
- G Information system risks
- H Security and safety risks
- Risks of discontinued operations
- J Process risks

- K Business and financial decision-making risks
- L Strategic decision-making risks
 M Information risks
- N Risks of criminal offences/fraud
- **0** Corporate integrity risks
- P Price and volumetric risksR Credit risks
- S Liquidity risks
- T Foreign exchange risks
- U Interest rate risks

Frequency levels:

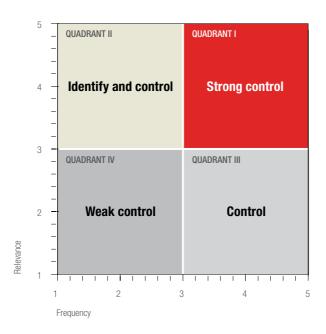
- 1 Event occurring less than once every three years
- $\boldsymbol{2}$ Event occurring at least once every three years, but no more than twice a year
- 3 Event occurring more than twice a year, but no more than once a month
- 4 Event occurring more than once a month, but no more than once a week
- 5 Event occurring more than once a week

Relevance levels:

- 1 Potential damage to operations is less than EUR 50,000
- 2 Potential damage to operations is between EUR 50,000 and EUR 250,000
- 3 Potential damage to operations is between EUR 250,001 and EUR 1,000,000
 4 Potential damage to operations is between EUR 1,000,001 and EUR 5,000,000
- ${\bf 5}$ Potential damage to operations is more than EUR 5,000,000

Based on the assessment obtained for individual risk categories in terms of relevance and probability, risks are classified into four quadrants giving a broad indication of what kind of control system should be in place in order to control and manage them.

THE PETROL GROUP'S RISK MANAGEMENT MATRIX WITH CONTROL METHODS



In 2020 individual risk categories were managed as follows:

I. ENVIRONMENT RISKS

The Petrol Group protects itself against external environment risks by systematically monitoring developments in the business environment and responding to them in a timely manner. The most relevant and frequent risks included in the group of external environment risks consist of legislation and regulation risks. Although relevant, disaster risks, which also belong to this group, occur infrequently. Economic environment risks, financial environment risks and political risks were assessed as medium-relevance and lower-frequency risks and were classified into the second quadrant together with other environment risks.

Legislation and regulation risks are managed by proactively engaging with institutions that are able to amend relevant laws and by analysing the impact of relevant legislative proposals and changes on the Petrol Group's operations.

We try to identify the financial environment risks also through financial planning and simulations as well as through co-operation with the financial environment (banks, financial institutions, investors). What is more, these risks are taken into account when preparing the strategic business plan.

Economic environment risks are managed by constantly monitoring competitors and analysing the operations of electricity, oil and gas companies, as well as by means of market surveys, benchmark analyses, customer satisfaction measurement, etc.

II. PERFORMANCE RISKS

Performance risks include operational risks, strategic risks, risks of fraud and other illegal acts, and financial risks.

II.1. Operational risks

Operational risks include human resources management and leadership risks, process risks, information system risks, security and safety risks, and risks of discontinued operations. According to the latest assessment, information system risks are the most relevant and frequent of those risks.

Nowadays, information infrastructure is increasingly important. The risk of information systems not being properly set up, not functioning correctly, not being sufficiently secure or being prone to interruptions, or of errors occurring in the collection and processing of data, or of the systems not being responsive to changes in the external and internal environment or to the needs of users, is extremely relevant, which is why we pay considerable attention to this field. The projects addressing this risk include the replacement of the Petrol Group's ERP system and the deployment of a new CRM system. This took place at the parent company in 2019 and in a Croatia-based subsidiary in 2020. The majority of the remaining Group companies of major significance will transition to the new system in 2021, as scheduled.

Human resources management and leadership risks are controlled through the regular measurement of organisational climate across the Petrol Group, the annual interview system and the assessment of management skills, the measurement of the quality of internal services and the adopted human resources strategy. The Petrol Group is more and more aware of the importance of human resources, as also seen in the latest risks assessment according to which these risks became more relevant.

Process risks refer to a potential loss resulting from incorrectly defined/set up organisational processes, their ineffective/inefficient execution and unresponsiveness to changes in the Company's external/internal environment. The Petrol Group therefore actively reviews all of its business processes and develops a process architecture in which the owners and managers of individual processes are clearly defined.

II.2. Strategic risks

Strategic risks are closely connected to operational risks. They include strategic decision-making risks, business decision-making risks and information risks, with the latter being the most relevant and frequent, according to the latest assessment.

Information risks were classified into a higher category in the latest assessment. This means that the Petrol Group recognises the importance of crucial information for a successful business performance of the Petrol Group. The management of risks related to ICT adequacy and security therefore represents a vital and ongoing activity in this field. Timely and complete provision of information about new business processes, products and services to all departments concerned is also important.

Business decision-making risks are managed by implementing and improving various organisational rules and by regularly monitoring operations and reporting to various stakeholders. Strategic decision-making risks are mitigated by means of a clearly defined strategy, by exercising control over its implementation, via annual conferences and through concerted action via the Projects, Ideas and Capacity Development Committee.

II.3. Risks of fraud and other illegal acts

The management of risks of fraud and other illegal acts is split into two subgroups, i.e. the risk of criminal offences/fraud and the corporate integrity risk. The risks of criminal offences/fraud include fraud committed by management, illegal acts, fraud, theft, abuse of employees and third persons, unauthorised use of resources, intentional damage and violent illegal acts. The management of the risks of criminal offences/fraud requires constant supervision and control as they are assessed to be of high frequency and low relevance.

The risk of corporate integrity breach refers to the incompatibility of the Company's operations with the law, Petrol's Code of Conduct, other rules, applicable recommendations, internal regulations, good business practices and ethical principles. The management of this risk includes the application of the compliance system (Rules on the Functioning of the Compliance Assurance System).

Petrol is exposed to a higher risk of fraud due to the nature of its operations, which include point-of-sale operations involving cash registers and the selling of petroleum products. Pursuant to the Code of Conduct and internal regulations, a zero tolerance policy to fraud has been adopted within the Petrol Group.

In charge of the comprehensive management of the risk of fraud is a task force that has put together a fraud register, assessed the risk of certain acts of fraud being committed, catalogued existing preventive and remedial checks, and drew up actions for the containment of fraud.

The responsibility to detect and investigate fraud within the Petrol Group is in the hands of Corporate Operations Control and Investigations, a professional service consisting of a qualified team of investigators.

II.4. Financial risks

According to the assessment of frequency and relevance, financial risks have a high ranking. As a result, the Petrol Group focuses in particular on this risk category. This is reflected in detailed risk management procedures including clearly specified systems of limits, appropriate monitoring levels and reporting on exposure to individual financial risks as well as active involvement of boards and committees tasked with monitoring and controlling individual financial risks. The financial risk management system is subject to continuous assessment and improvement. Specific activities in this area are presented below in sections dealing with individual risks.

The most relevant and probable financial risks include price and volumetric risks as well as foreign exchange and credit risks, with liquidity and interest rate risks having a slightly less prominent profile. Detailed information about exposure to individual types of financial risk and disclosures about financial instruments and risks are provided in notes to the financial statements, specifically in the financial instruments and risk management chapter.

Price and volumetric risks and foreign exchange risks

The Petrol Group's business model includes energy products, such as petroleum products, natural gas, electricity and liquefied petroleum gas, exposing the Group to price and volumetric risks and to foreign exchange risks arising from the purchase and sale of these products.

The Petrol Group purchases petroleum products under international market conditions, pays for them mostly in US dollars and sells them in local currencies. Because the global oil market and the US dollar market constitute two of the most volatile global markets, the Petrol Group is exposed to both the price risk (changes in the prices of petroleum products) and the foreign exchange risk (changes in the EUR/USD exchange rate) while pursuing its core line of business. The Petrol Group manages volumetric and price risks to the largest extent possible by matching suppliers' terms of procurement with the terms of sale applying to customers. Any remaining open price or foreign exchange positions are closed through the use of financial instruments, in particular commodity swaps in the case of price risks and forward contracts in the case of foreign exchange risks.

Trading in electricity exposes the Group to price and volumetric risks. These are managed with an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and with appropriate processes in place to monitor and control these risks.

In addition to the risks arising from changes in the EUR/USD exchange rate, the Petrol Group is exposed, to some degree, also to the risk of changes in other currencies, which is linked to doing

business in the region. The Group monitors open foreign exchange positions and decides how to manage them on a monthly basis.

Credit risks

The credit risk was assessed in 2019 as the third most relevant financial risk to which the Petrol Group was exposed in connection with the sale of goods and services to natural and legal entities. The risk is managed using the measures outlined below.

The operating receivables management system provides us with an efficient credit risk management.

As part of the usual receivables management processes, we constantly and actively pursue the collection of receivables, a process which was even more intense in 2020 due to the exceptional economic situation. We refine procedures for approving the amount of exposure (limits) to individual buyers and, in these demanding times, try to maintain the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, collaterals, corporate guarantees, securities, pledges). In the previous year, this was a significant challenge. At the beginning of 2020, the Petrol Group introduced a new insurance scheme for keeping track of the Group's needs in the field of credit risk insurance as market conditions evolve. A great deal of work is put into the management of receivables from all customers in Slovenia, and significant attention is also devoted to the collection of receivables in SE Europe markets, where the solvency and payment discipline of the business sector differs from that in Slovenia. Receivables are systematically monitored by portfolio, region and organisational unit as well as by credit risk assessment, level of insurance and individual customer. To monitor most of our subsidiaries, we use a joint receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. The data pertaining to the parent company and a subsidiary is monitored using the new ERP and DWH system. In addition, we introduced centralised control over credit insurance instruments received and centralised the collection process.

Due to the quarantine and the resulting significant drop in economic activity, companies were faced with liquidity shocks leading to our customers having a higher credit risk. In the Petrol Group, we have responded immediately to the estimated increase in the credit risk by introducing daily monitoring of the structure of receivables, by closely monitoring risk indicators and by engaging in intensive communication with our customers. As the restrictions were relaxed, the overall monitoring of the structure of receivables became less intense as we switched to weekly monitoring, but the balance of receivable is still subject to daily and close monitoring at the operational level for all Petrol Group companies.

Despite the above measures, the Petrol Group, too, is unable to fully avoid the consequences of bankruptcies, compulsory composition proceedings and personal bankruptcies.

We consider that credit risks are adequately managed within the Petrol Group. Our assessment is based on the nature of our products, our market share, our large customer base, the vast range of credit insurance instruments and a higher volume of secured receivables. 65 percent of receivables from legal entities are secured, with credit insurance and offsetting against trade liabilities being most widely used insurance instruments (together accounting for 85 percent).

Liquidity risks

The Petrol Group has been assigned a BBB- long-term international credit rating, an A-3 short-term credit rating and a stable credit rating outlook by Standard & Poor's Ratings Services, which reaffirmed the ratings on 24 June 2020. This investment-grade rating enables us to tap international financial markets more easily and represents an additional commitment towards successful operations and the deleveraging of the Petrol Group. We are currently introducing relevant S&P's methodology into the management of liquidity risks.

In 2020 average petroleum product prices were considerably lower year-on-year, meaning that less working capital was needed. Through existing long-term and short-term credit lines we were able to ensure the liquidity of the Petrol Group also during the pandemic which we were faced with at the end of the first quarter of 2020. In the second quarter, we gained access to additional credit lines from domestic and foreign banks, and we are ready to face a liquidity situation which might weaken considering that the Covid-19 epidemic was declared once more and caused an economic downturn. The additional credit lines will enable us to ensure appropriate liquidity structure of the Petrol Group in accordance with S&P criteria also in this situation.

To maintain liquidity, we also began to actively prepare even more detailed sensitivity analyses and draw up short-term liquidity and working capital forecasts.

Cash flow management now requires even more attention and prudence, especially as regards the planning of cash inflows from lay away sales, this being the main source of credit risks and, consequently, liquidity risks.

Despite the decline in sales due to quarantine measures, the Petrol Group settles all its liabilities as they fall due. This is possible thanks to its relatively low debt levels and strong liquidity position.

Interest rate risks

The Petrol Group regularly monitors its exposure to the interest rate risk. 91 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rates in 2020 were similar to the ones at the end of 2019 and thus remain historically low (negative). Although an increase in interest rates was observed in the first quarter of 2020, this later proved to have been a very short-term effect in the financial markets resulting from the shock caused by the pandemic.

To hedge against exposure to the interest rate risk, a large portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. Linked to the renewal of a long-term loan agreement in 2020 we entered into an additional interest rate hedging contract, thus covering the entire duration of long-term loans with IRS hedging instruments.

INTERNAL AUDIT

Internal Audit has operated as an independent and autonomous support function within the organisational structure of the controlling company since 2002. Organisationally, it has a direct reporting line to the president of the Management Board, while functionally it reports to the Audit Committee and the Company's Supervisory Board. Internal Audit operates throughout the Petrol Group and adheres to the International Standards for the Professional Practice of Internal Auditing. The purpose of Internal Audit is to give objective assurance to the Management Board and the Audit Committee and provide advice at all levels as regards property protection, compliance with law and internal regulations as well as the improvement of the quality and efficiency of risk management, thus improving the Petrol Group's operations. By doing so, it helps to achieve strategic and business goals based on best practices.

Internal Audit operates in accordance with the Internal Audit Charter and the principles of independence, professional competence, objectivity and ethical principles as fundamental principles of the auditing profession. Internal Audit's annual work programmes and annual reports are approved by the Company's Management Board and Supervisory Board. They are also presented to the Supervisory Board's Audit Committee for information. Internal Audit provides regular reports on its work to the Management Board and reports at least quarterly to the Supervisory Board's Audit Committee. In 2020 the Audit Committee received reports on all audits, significant findings and recommendations for improving supervisory controls and risk management within the Petrol Group, and quarterly reports on the work of Internal Audit and the implementation of recommendations.

In accordance with the International Standards for the Professional Practice of Internal Auditing, an external assessment of the quality of Internal Audit should be conducted at least once every five years by an independent assessor or assessment team from outside the organisation. At Petrol, the external assessment of the quality of internal auditing was last performed in 2019, resulting in a report, which confirmed conformity with the International Standards for the Professional Practice of Internal Auditing. The external assessment was performed by an independent international audit firm, which also prepared a benchmarking analysis and determined that according to the eight elements of excellence, the Petrol Group's internal auditing significantly exceeds the average of 453 global companies and the average of 57 companies with revenues above USD 2 billion.

In 2020 Internal Audit continued to carry out certain procedures to improve the quality of work:

- · due to changes in the Petrol Group's operations, organisation and environment it updated the set of departments/processes within the Petrol Group (the audit universe);
- based on the COSO methodology, it reassessed risks according to processes and organisational units of the Petrol Group, taking into account the significance of the processes and the date of the previous internal audit;
- following a new risk assessment, Internal Audit's work programme for 2021 was approved in December 2020 by the Management Board and the Supervisory Board;
- $\cdot \;\;$ it carried out procedures to measure the efficiency of internal audits;
- · it updated the Internal Audit Charter.

The verification of the functioning of internal controls in the Petrol Group's retail network was carried out by a dedicated team of qualified experts from the Corporate Operations Control and Investigations service, which, in order to prevent and detect fraud, focus primarily on the monitoring of service station, logistics and storage facility operations from the perspective of goods and finance. Internal Audit performed six audit and assurance assignments in 2020. The objective of internal audits was to verify the integrity of financial and business decision-making reporting, compliance with law and internal regulations, implementation of the Petrol Group's strategy and process effectiveness. In terms of their content, the audits were focused mainly on verifying the efficiency of processes that were either new or were not subjected to an audit during the past four years. For the processes that were audited, Internal Audit gave assurance that the audited units had in place a suitable internal control system which was operational on a regular basis. As there was still room for improvement, recommendations were provided, the implementation of which was checked on a regular basis. In 2020, in addition to the audits, Internal Audit regularly

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monitored the implementation of recommendations from previous and current years and, in accordance with the Management Board's instructions, took part in Company projects related to the risk management system of the Petrol Group.

In 2020 the activities of Internal Audit were marked by the Covid-19 epidemic and unexpected absences of colleagues in Internal Audit. In addition, there was limited availability on the part of auditees, which meant that certain activities planned for 2020 were moved to 2021. Due to measures taken to prevent Covid-19 infections, the activities of Internal Audit were adapted in accordance with the Company's guidelines. This mainly involved working from home, introducing electronic management of internal audit documents and having remote meetings with auditees. Early in 2021, we plan to make a transition to an application-based support for the monitoring of internal audit recommendations.





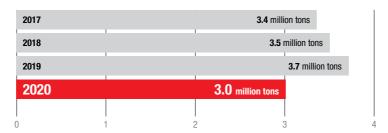
SALES

Sales of petroleum products

In 2020 the Covid-19 pandemic was the most significant factor affecting the Petrol Group's operations in the field of petroleum product sales. To contain the pandemic, countries took a number of measures to restrict movement, which was negatively reflected in the sales of petroleum products.

In 2020 we sold 3.0 million tons of petroleum products, a decrease of 19 percent over 2019 and 13 percent less than planned. This was mainly the result of the pandemic. 44 percent of our sales were generated in Slovenia, 30 percent in EU markets, and 26 percent in the markets of SE Europe. Further, 39 percent of the sales were generated in retail and 61 percent in wholesale operations.

THE PETROL GROUP'S PETROLEUM PRODUCT SALES IN THE PERIOD 2017 - 2020



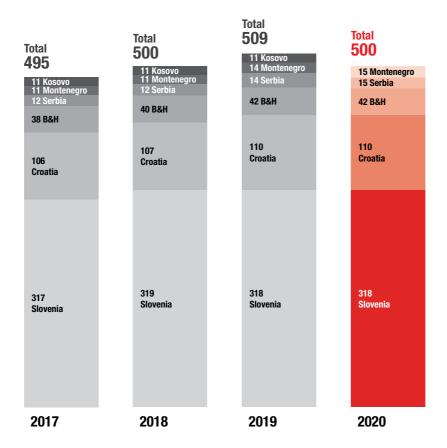
Ever since the pandemic began, the safety and health of the Petrol Group's employees and customers, in addition to reliable supply, have always been placed first. In a very short period of time, cash desks at all service stations were equipped with protective screens, employees working at the points of sale were given protective equipment, the provision of certain services (the Fresh range, carwashes) where it is more likely that an infection can be passed on was suspended. At every point-of-sale entrance, we also make sure that the recommended number of customers who can be simultaneously present in a shop is maintained.

With the easing of restrictions at the end of the first wave, we reintroduced the full range of our services while taking into account the recommendations to prevent the spread of the virus. We encourage the use of On the Go and mBills apps offering contactless payment functionality, and we also deliver items ordered from Petrol's online shop.

Due to the worsening epidemiological situation, certain activities (bars) were again suspended starting 24 October 2020, in accordance with the Ordinance on the Provisional Prohibition on the Offering and Sale of Goods and Services to Consumers in the Republic of Slovenia.

Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply.

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At the end of 2020, the Petrol Group's retail network comprised 500 service stations: 318 in Slovenia, 110 in Croatia, 42 in Bosnia and Herzegovina, 15 in Serbia and 15 in Montenegro. Complementing the services provided at service stations are 130 car washes, 173 bars, 33 Fresh restaurants, charging points for electric vehicles and TIP STOP quick-service facilities. The latter are dedicated to the maintenance of freight and passenger vehicles.

With its 318 service stations, the Petrol Group has a 56-percent share of the Slovene market in terms of the number of service stations. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis on motorway locations and key urban and border locations. Petrol's main competitor is the company OMV, which has a 20-percent market share in terms of the number of service stations. MOL has a 10-percent market share in Slovenia.

Thanks to the strategic expansion of its retail network, the Petrol Group is becoming an increasingly important energy supplier in the markets of SE Europe. In Croatia, the Petrol Group holds a 13-percent market share in terms of the number of service stations, its major retail competitors being Ina, Crodux, Lukoil Croatia and Tifon. On 12 January 2021, Petrol d.d., Ljubljana entered into a contract to acquire a 100-percent interest in the company Crodux Derivati Dva d.o.o., which has a retail network consisting of 91 service stations. Thanks to this acquisition, the Petrol Group's position in the Croatian market will be strengthened considerably. In Bosnia and Herzegovina, Petrol has almost 4 percent of the market in terms of the number of service stations. Its major retail competitors include Nestro Petrol, Energopetrol and the Nešković Group. In Montenegro, Petrol has nearly 13 percent of the market in terms of the number of service stations, its major competitors being Eko and Lukoil. In Serbia, the companies NIS, Lukoil, Knez Petrol and Mol have the largest retail networks. Petrol has a 1-percent market share there in terms of the number of service stations. The opening hours of our points of sale are adjusted to reflect seasonal traffic flows and customer needs.

At the end of 2020, the Petrol Group withdrew from the petroleum product sales market in Kosovo.

On the Go mobile app – over 40 thousand satisfied users

The On the Go (Na poti) application has been gaining visibility and increasing its excellent user experience from year to year. The year 2020 was a turning point for the application, and for all of us, as its daily use grew significantly as a result of the pandemic. The advantages of contactless payment for fuel, coffee and car washing, together with ordering products from the Fresh range, proved to be very important during the pandemic, as evidenced by the very positive responses of our customers.

Wholesale

The Petrol Group sells more than half of its petroleum products on the wholesale market. Wholesale of petroleum products is marked by intense competition. The high level of sales services, which is made possible by the broad network of sales representatives, appropriate technical and advisory support, and efficient logistics, is an important competitive advantage. Our sales representatives offer customers professional assistance in selecting goods and services. Our flexibility and reliability helped us justify the trust of our customers even during the pandemic.

Ongoing contacts with our business partners and open dialogue are a guarantee for a high level of customer satisfaction. We realise that we are deeply embedded in the industrial sector, which is why our business decisions are taken with great care. We have been monitoring the satisfaction of our users throughout, as we are aware that an excellent user experience is a major factor of business success.

Thanks to our market position, the Petrol Group can ensure an uninterrupted supply of motor fuels and other petroleum products even under very difficult business conditions, making it an important supplier to companies in the markets in which it operates.

Key impacts on operations

The pricing of petroleum products is chiefly subject to changes in petroleum prices on the global market, changes in the US dollar exchange rate and national petroleum product pricing regulations.

Pricing of petroleum products in Slovenia

Since 1 October 2020, the prices of all petroleum products have been liberalised and are now determined by the market. Previously, the prices of petrol and diesel fuel were liberalised and determined by the market at motorway and expressway service stations, while the prices of petrol and diesel fuel at other service stations remained regulated until 30 September 2020.

Until 31 March 2020, the prices of regulated motor fuels were set in accordance with the Decree on Setting Prices for Certain Petroleum Products which was in force from 1 January 2020 onwards. On 27 March 2020, the Government of the Republic of Slovenia adopted a new Decree on Setting Prices for Certain Petroleum Products, which remained in force until 30 September 2020. The model-based margin was government-regulated and stood at EUR 0.08701 per litre of NMB-95 petrol and EUR 0.08158 per litre of diesel fuel.

Fuel pricing in Croatia

Since 20 February 2014, when the Oil and Petroleum Products Market Act entered into force and fully liberalised the pricing of petroleum products, the prices of petroleum products in Croatia have been set freely and determined by the market.

Fuel pricing in Bosnia and Herzegovina

In Bosnia and Herzegovina, the prices of petroleum products were not government-regulated in the first quarter of 2020. They were set freely and were determined by the market. They could also change on a daily basis. Due to the free setting of prices, retail fuel prices varied according to the location of a service station. Between 9 April and 20 August 2020, the free setting of prices of oil and petroleum products was abandoned and the gross motor fuel margin was limited: the retail margin could not exceed EUR 0.128 per litre and the wholesale margin could not be more than EUR 0.031 per litre. Since 20 August 2020, the margin is no longer limited and the prices are set freely and determined by the market.

Fuel pricing in Serbia

Since the legislation liberalising Serbia's oil market (unregulated imports of oil and petroleum products) entered into force on 1 January 2011, the prices of petroleum products have no longer been government-regulated and are set freely and determined by the market.

Fuel pricing in Montenegro

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices, which has been in force since 1 January 2011. The prices change fortnightly, provided that prices on the oil market (Platts European Marketscan) and the exchange rates of the euro and the US dollar change by more than 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the methodology used to calculate selling prices takes into account taxes, the costs of transhipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' gross margin. The latter amounts to EUR 0.063 per litre of petrol, EUR 0.064 per litre of eurodiesel and EUR 0.076 per litre of extra light heating oil. In addition to these gross margins, liquid fuel traders may factor in all of the above costs at EUR 0.05 per litre of petrol, EUR 0.05 per litre of eurodiesel and EUR 0.026 per litre of extra light heating oil.

Oil price movements in 2020

The Covid-19 pandemic has also had an impact on the prices of oil. Following the outbreak of the pandemic and with countries taking restrictive measures to limit the spread of the virus, the prices of oil and petroleum products fell sharply. As the first wave was eventually contained and the economy restarted, the prices began to increase again, hovering at around USD 50.0 per barrel at the end of 2020. Oil prices per barrel ranged from USD 13.2 to USD 70.0 in 2020. The average price of crude oil stood at USD 41.8 per barrel in 2020 and was down 35 percent year-on-year while the average price in euros was down 36 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

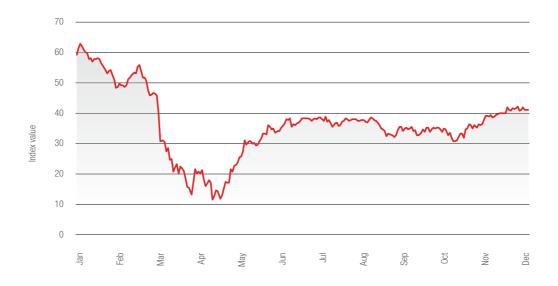
The average price of crude oil stood at USD 41.8 per barrel in 2020, down 35 percent year-on-year.

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2020 IN USD/BARREL



Source: Petrol

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2020 IN EUR/BARREL



Source: Petrol

US dollar exchange rate

The average exchange rate of the US dollar according to the reference exchange rate of the European Central Bank stood at 1.14 US dollars for 1 euro in 2020.

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Procurement and logistics of petroleum products

Efficient management of the supply chain is a key factor of the Petrol Group's successful operating performance.

Procurement of petroleum products

The purchased petroleum products were again delivered by sea and from local inland refineries located in SE Europe, which complement the procurement network and enhance the reliability of supply. We thus made sure that the price of petroleum products was as competitive as possible and ensured optimal logistics for servicing service stations and wholesale customers.

In line with Petrol's long-term financial goals, its sustainable orientation and key policies, the selection of suppliers is subject to the following factors:

- · compliance of all products procured with applicable European standards and regulations;
- · commercial terms of procurement ensure the lowest procurement and logistics costs;
- reliability of supply, ensuring lower operational stocks and, through that, reduced costs of stock financing.

Despite the challenges associated with the Covid-19 pandemic, the Petrol Group fulfilled all of its contractual obligations thanks to its long-standing cooperation with competitive suppliers – major oil and petroleum product traders.

Logistics of petroleum products

Ensuring cost-effective logistics for all supply chains and in all markets is Petrol's ongoing goal through which we aim to ensure uninterrupted supply and the quality of services. In all markets, the petroleum product supply was conducted in line with the procurement and logistics model. The main activities in the area of storage facilities included the optimisation of the maintenance process, the implementation of the investment plan and the fulfilment of contractual obligations relating to the replacement of fuel.

Sales of merchandise

In 2020 the Petrol Group generated EUR 446.9 million in revenue from merchandise sales, a decrease of 3 percent on 2019 and 4 percent less than planned. Revenue from merchandise sales decreased due to the pandemic, which caused a decline in transit and tourism in the entire region. The structure of sales also changed, both between categories and points of sale. The sales through the Petrol Club catalogue and loyalty schemes were continued and further developed. The Petrol Group still generates 83 percent revenue from merchandise sales in Slovenia and 17 percent in the markets of SE Europe markets.

Despite the difficult situation, Petrol's service station is a modern point of sale, where customers, besides fuelling up, can purchase vignettes and pay freight toll for Slovenia and the neighbouring countries. Our points of sale also offer the possibility to purchase food, small items for personal consumption and tickets for shows or sports events. Customers can also pick up parcels and pay bills. As an addition in 2020, we offered our customers products from our e-shop, in which we further expanded the range of consumer electronics, white goods, small household appliances and toys. Our important competitive advantage is the widespread network of collection points, as customers can simply pick up their orders at our points of sale. Delivery and collection of parcels at points of sale has also increased. Customers are also offered a variety of gift vouchers.

Petrol's websites Petrol.eu, Moj Petrol and eShop

In 2019 Petrol set up the redesigned petrol.si website and Moj Petrol user portal, which are part of its comprehensive digital ecosystem. Petrol's websites, which provide customers with an even better user experience, were redesigned in 2020. Customers can calculate their Petrol electricity and natural gas related savings and sign a contract online in just a few clicks.

In 2020 we also introduced digital membership of the Petrol Club for Croatia. The digital application form is available at www.petrol.hr and through the On the Go application, where members obtain a virtual Petrol Club loyalty card.

As of the beginning of 2021, the redesigned Petrol eShop will offer an even better online shopping experience thanks to its modern design and technological advancement.

Petrol's coffee-to-go is one of our most visible products. In 2020 we continued the refurbishment of coffee corners, fitting them with new, more modern coffee machines that offer a bigger selection of coffee drinks of different tastes and sizes. Together with the replacement of the coffee machines, we are also giving the coffee corners a new look. The refurbishment project will be completed in 2021.

Thanks to our management and optimal execution of procurement and sales processes as well as the management of the selling space for all sales channels, we are in a position to offer customers the products of their choice at the right time and in the right place. In conducting our business, we comply with all legal provisions.

Sale of services

The Petrol Group's major revenue streams from services related to oil and merchandise sales include revenue generated from storing and handling petroleum products, from transport services, car washes, leasing of restaurant facilities and the Petrol Club card. New services are added to this range every year. In 2020 the Petrol Group generated EUR 41.5 million in revenue from the services related to oil and merchandise sales.

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Petrol SKI - going skiing with Petrol

In 2020 the sale of ski passes, which was launched in 2019 in Slovenia, was expanded to Croatia and Bosnia and Herzegovina. The system makes it possible to purchase ski passes for most Slovene and foreign ski resorts which use the Skidata and Access information systems. By purchasing ski passes at Petrol, users can avoid the queues at ski resort cash desks and take advantage of lower prices offered by Petrol. Unfortunately, this area was also affected by the pandemic.

Sales of liquefied petroleum gas

Liquefied petroleum gas (LPG) is considered a top-quality and one of the cleanest fossil fuels. It is characterised by economical consumption and low costs, and it also helps to mitigate negative environmental impacts. LPG can be used for vehicle propulsion, heating, industrial use, in gas bottles for home use and for electricity generation. In EU Directive 2014/94 it has been declared an energy product of the future for transport purposes.

LPG sales are becoming increasingly important for the Petrol Group, seeing that regional infrastructure, which is a basis for establishing presence in the wider SE Europe region, is now being set up. LPG operations are divided into several segments, i.e. gas sales through networks and gas storage tanks, autogas sales and bottled gas sales.

The Petrol Group is engaged both in the LPG supply and in the construction and management of LPG distribution networks. The selling prices of liquefied petroleum gas are set freely in Slovenia. The same is true for Croatia, although there they follow a formula that is based on Platts Mediterranean LPG prices. In Serbia, the prices of liquefied petroleum gas are set freely based on Argus daf Brest prices, with other price sources also currently being considered in the pricing.

In Slovenia, the Petrol Group operated five LPG supply concessions in 2020. The company Petrol d.o.o. Zagreb has LPG supply contracts in the towns of Šibenik and Rijeka, Croatia. Liquefied petroleum gas is supplied to customers also through LPG storage tanks, at service stations (autogas) – either within or outside the Group's network – and in gas bottles that are sold via a broad distribution network. In Croatia, we further expanded our business through our own retail network as well as through wholesale operations. In September 2019, Petrol d.o.o. Zagreb acquired the company Crodux plin, including its logistics infrastructure. This was reflected in an improved market position both locally and in the wider region.

The company Petrol LPG d.o.o. Beograd continued to expand in the region by exporting LPG to Macedonia, Montenegro, Bosnia and Herzegovina, Kosovo, Albania, Bulgaria and, indirectly, to Greece. This was also reflected in higher market shares in those markets. To optimise logistics, we leased an additional barge and a towboat already in 2019, meaning we now operate four barges and two towboats.

The 2020 operations were severely affected by the Covid-19 pandemic. This was reflected the most in autogas sales where a sharp decrease in demand was observed. On the other hand, there was an increase in bottled LPG sales, as more people stayed at home and used more gas for cooking. The sales of LPG through storage tanks for heating purposes or industrial use did not change considerably as a result of the pandemic.

In 2020 the Petrol Group's sales of liquefied petroleum gas totalled 148.8 thousand tons, which was 16 percent less than in 2019 and 25 percent less than planned. This was mainly the result of the pandemic. Autogas was sold at 230 service stations and also wholesale.

Sales of natural gas

Energy development in the EU is aimed at reducing greenhouse gas and dust emissions to the environment. In combination with renewable energy sources, natural gas is an extremely suitable source of energy for the transition to a carbon-neutral society: owing to its physical and market characteristics as well as diversified gas infrastructure and possible transport in liquefied form, it allows for considerable flexibility in ensuring energy supply. At the same time, it will facilitate the achievement of environmental targets of reducing emissions to the atmosphere.

Storage and use of liquefied natural gas (LNG) terminals, in combination with biogas use in the network, enable the development of low-carbon technologies and innovative projects for the deployment of hydrogen technologies (power-to-hydrogen, power-to-gas).

The condensation technique boosts the efficiency of heating systems, and the use of natural gas in cogeneration results in an above-average system utilisation rate. Moreover, EU Directive 2014/94 defines natural gas as the transport energy product of the future. In urban areas, the use of natural gas as fuel for buses and freight vehicles is especially recommended because it pollutes the environment considerably less than traditional fuels.

In addition to offering products and services at regular prices during the year, household customers were actively presented with different special offers (promotional prices valid during a certain supply period) as well as package offers, which included other products and services in addition to the natural gas supply. This way, we strengthened the loyalty of existing customers and sparked the interest of new ones.

In the case of business customers, natural gas is supplied in the form of different products. The range is segmented and adjusted with a focus on customer needs, and it includes the provision of information from the energy market and advice on the purchase of natural gas together with price risk management.

After the mild winter of 2019/2020, the downward trend in natural gas prices continued in the first quarter of 2020. The outbreak of the Covid-19 epidemic, high stocks and rising imports of LNG into the EU caused the daily prices on the exchanges to plummet, hovering around the lows of recent years over the summer. After the publication of information about a safe and effective Covid-19 vaccine, the approval thereof, the announced start of vaccination and economic recovery forecasts, the price of natural gas began to rise again in December 2020.

Natural gas prices in Serbia are set subject to Serbia's Energy Agency approval. Missing implementing regulations, however, hamper the liberalisation of the natural gas market.

The Petrol Group sold 27.2 TWh of natural gas in 2020, an increase of 26 percent from 2019 and 41 percent more than planned.

Electricity sales and trading

By offering electricity to households and small, medium and large businesses, Petrol consolidated its position as a major supplier of the full range of energy products across Slovenia and in the wider region in the 10 years since entering the market. Through our electricity-related range, we pursue Petrol's goal of comprehensive energy product supply.

Electricity is essential for the modern way of living and is, because of its versatility, an indispensable commodity for both households and industry. Owing to new appliances and applications, the demand for electricity has been increasing in spite of the efforts to reduce consumption through efficient use. Electric vehicles, which are more environmentally acceptable, are becoming more and more accessible, and this too will lead to increased use of electricity.

We further strengthened our business cooperation with the electricity producers that sell us energy from renewable sources produced in solar power plants, hydroelectric power plants and high-efficiency combined heat and power (CHP) cogeneration units.

Quick and effective adjustment to change is the key to market success, which is why we tailor and update our sales range and campaigns according to the requirements of partners and the market situation in each sales segment.

There is strong competition in the retail electricity market in Slovenia. The Petrol Group has about a 10-percent market share of the retail electricity market. In 2020 the Petrol Group supplied electricity to more than 70 thousand household customers. At the beginning of 2021, we acquired from Elektro Primorska the company E3, which is a major electricity supplier in Slovenia and has a market share of about 11 percent. The Petrol Group's market share in supplying electricity to end customers will thus exceed 20 percent.

Household customers were actively presented with both special and package offers, which in addition to the supply include other services, payment methods tailored to the customer and provision of other products sold by Petrol.

The range of products involving the supply of electricity to business customers is segmented and adjusted with a focus on customer needs. Depending on these, it includes the provision of information from the energy market and advice on the purchase of electricity together with price risk management. The segment of tailored products has been growing and is becoming an increasingly sizeable and important part of the sales portfolio.

In 2020 we continued to supply electricity to customers in the Republic of Serbia and Bosnia and Herzegovina.

In terms of the trends of energy prices and other financial markets, 2020 was extremely turbulent. The Covid-19 epidemic has affected virtually all energy markets. The price of electricity supplied on an annual contract in Germany fell to EUR 34/MWh, but it later rose again to EUR 48/MWh as the economy recovered.

Within the EU, markets continue to merge and available electricity production from fossil fuels has been declining further (especially in Germany), closing the disparities between markets.

In 2020 the Petrol Group operated in 21 markets in Central, Western and South-Eastern Europe. For the purpose of business optimisation, trading activities in Croatia were transferred to the parent company Petrol d.d., Ljubljana. In 2021 we wish to scale up our activities in the region also through our presence in Greece.

In 2020 the Petrol Group sold a total of 19.9 TWh of electricity (of which 1.7 TWh to end customers). This was 12 percent less than in 2019 and 16 percent less than planned.

New business models

In our opinion, the key to market success is the development of new business models that will enable the green transformation of energy and are resistant to changing conditions, such as the Covid-19 pandemic. We are developing new business models as part of development projects co-financed by the Republic of Slovenia and the European Union.

X-FLEX is an international project co-funded by the **EU** through the Horizon 2020 programme. Its goals include the development of tools that will enable and facilitate the use of flexibility in the electricity system with the aim of increasing the stability and security of supply in normal working conditions as well as extreme weather conditions. For this purpose, we invested in a 6 MW HV-electrode boiler in the Ravne integrated economic zone in 2020. The boiler will help us develop and test a model for generating heat from renewable energy sources (RES Power2Heat), which will improve the reliability and efficiency of district heating by optimising the use of CHP units and of the HV-electrode boiler. At the same time, we will provide system services through the flexibility offered by the entire system and help Slovenia's electricity grid.

COMPILE is an international project co-funded by the EU through the Horizon 2020 programme. The project aims to activate and use local energy systems in order to support the fast growth of energy production from renewable energy sources in parts of the network facing constraints and foster the transition from a centralised system with passive users into a flexible network of active users and energy communities. In the scope of the project, we established the first local self-sufficient energy community in Slovenia in Luče, which can satisfy all of its own electricity demands from RES alone. The Compile project – Luče Energy Community was rewarded as the best energy efficient project of 2020 in Slovenia.

DEUP – in collaboration with partners, we successfully completed the DEUP project in 2020, which featured the development of the following: 1. a solution for energy optimisation in the steel industry (locations of SIJ Acroni and SIJ Ravne na Koroškem); 2. a tool for optimal utilisation of flexibility in the electricity market; 3. an active FEMS (Factory Energy Management System) and 4. a system for efficient management of the water supply network system (KP Ptuj and KP Idrija).

OPERH2 – In cooperation with our partners, we successfully completed the OPERH2 project in 2020 in which we developed a solution for offtake management combined with the production of hydrogen from renewable energy sources in the glass industry to help customers gain better control of consumption and reduce energy costs. The system-wide flexibility will also allow us to offer system services and support Slovenia's electricity grid. In 2020 we received the Gold Award of the Zasavje Chamber of Commerce and the Silver Innovation Award of the Chamber of Commerce and Industry of Slovenia.

ENERGY AND ENVIRONMENTAL SYSTEMS

Energy and environmental solutions

Use of fossil fuels is expected to gradually decrease over the long term, owing to efficient energy consumption (EEC) and increasing use of renewable energy sources (RES). Much like the EU, Slovenia has also committed itself to relatively ambitious goals when it comes to EEC, increasing the use of RES and reducing greenhouse gas emissions. Through restrictive legislation, the state tightens the conditions for energy supply and use of fossil fuels, increases fossil fuel charges and promotes investments in EEC and RES in the form of subsidies and loans on favourable terms. The subsidies direct demand and thus also affect the situation on the supply side. In the field of EEC and RES, the value chain benefits most the equipment manufacturers and dealers as well as the providers of comprehensive services that offer comprehensive energy and environmental solutions to large users.

The field of energy and environmental solutions covers comprehensive solutions for optimising investments and operating costs for infrastructure systems (district energy, street lighting), facilities, water circuits (water supply systems and wastewater treatment). It also covers the solutions related to the introduction of a technical and information system, called Petrol Tango, as the core information platform for "smart cities" and "smart industry". As for industry, the focus is mostly on efficient energy consumption, increasing the share of renewables and efficient management of industry systems (optimising production processes, cutting costs, meeting carbon footprint reduction commitments).

As a rule, the implementation of these complex projects is carried out on the basis of a long-term contract on energy supply and savings (in the public sector it is typically based on a concession relationship). Under such a contract, Petrol, in addition to the implementation and management of energy systems, also finances the implementation of investment measures based on the principle of energy efficiency and water conservation contracting and/or the principle of contractual energy supply. Petrol also assumes responsibility for the achievement of goals.

Petrol's experts offer their knowledge, experience and achievements to the market. We offer customers the possibility of reducing the consumption of primary energy sources and water, cutting costs of energy supply, drinking water supply and wastewater discharge, while on the other hand we gain a long-term energy client and build a partnership with our customers. We ensure efficiency through economical planning of the construction or refurbishment of energy systems and water circuits, and by optimising their real-time operation. Our operations enable customers to develop sustainably and we influence the reshaping of social values. With innovative business models and solutions, we are involved in the circular economy and make an important contribution to changing the region into a low-carbon society.

We provide these services in Slovenia, Italy, Austria, Croatia, Bosnia and Herzegovina, Serbia, Bulgaria and Romania. In 2020 we expanded our operations to Montenegro and Russia.

In the past year, we improved the way information is presented to customers on Petrol's website, organising our solutions in sections called "For the city", "For industry", "Tango IoT platform" and "References". The examples of our practices and partnerships are presented as case studies, video content and in the form of participating in various events. We have also strengthened the media coverage of our solutions and developed the necessary marketing materials.

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District energy systems DISNet-DH (Digital Intelligent Smart Networks – District Heating)

Representing a large market growing at 4 percent a year, district heating plays a vital role in achieving the transition to a low-carbon company. Many governments are working hard to combat climate change and are thus committed to using more sustainable energy sources. Heat production is one of the major energy consumers; therefore, improving efficiency in this area is one of the key goals. In order to achieve the new ambitious EU energy and climate targets for 2030 laid down in the EU Clean Energy Package (Winter Package), which is aligned with the Paris Agreement and the EU's long-term strategy of achieving carbon neutrality, the main pieces of the EU energy legislation had to be amended. With a 32 percent share of renewable energy and a 32.5 percent improvement in energy efficiency, Europe aims to reduce greenhouse gas emissions by 43 percent. The European Green Deal of December 2019 and the EU Recovery Plan from the coronavirus pandemic (priority green technology investments as part of the Economic Recovery Plan) classified district heating and cooling, and the development of energy production from renewable energy sources (RES) and RES-based heating/cooling among the most important areas.

DISNet-DH services contribute to boosting energy and environmental performance in 9 countries in the region (Slovenia, Austria, Italy, Croatia, Bosnia and Herzegovina, Serbia, Bulgaria, Romania and Russia). We are partners with 27 major district energy systems (Ljubljana, Velenje, Maribor, Vienna, Bolzano, Zagreb, Osijek, Sisak, Tuzla, Belgrade, Novi Sad, Sofia, Plovdiv, Arad). Together, we help our customers optimise the production, distribution and consumption of more than 17 GW of thermal power in real time.

Technology plays a crucial role in the management of district heating networks, in particular the Internet of Things (IoT), advanced analytical tools and machine learning models. Our services help customers optimise investments in the development and refurbishment of district energy systems and reduce operating costs. The key "operations" in the management and control of the operation of district energy systems and water supply systems are the forecasting of quantities and the optimisation of production capacities.

The Covid-19 pandemic has changed the world and will have long-term effects. With the help of digitalised processes, the DISNet-DH team worked on projects without interruption, the main goal being a reliable fulfilment of contractual obligations (expert systems). The number of virtual daily co-ordinations increased to maintain contacts and submit key information to customers.

Despite the more demanding conditions due to the declared epidemic, we continued providing, in real time, the contractual services of optimisation and management of 11 district heating systems in 2020. It should be noted that we manage a large amount of data in all 11 systems, for which 17 predictive models are being prepared. One of the systems (ENMB) is used not only for forecasting the required quantities (energy), but also to optimise the operation of production facilities based on the economic and technical target function (profit maximisation).

With DISNet-DH services, we helped our partners to optimise and manage more than 8,000 GWh of heat produced.

In 2020 two major projects were implemented: the district heating system of the city of Yekaterinburg in Russia and the district heating system of the city of Kraljevo in Serbia. The project in the city of Yekaterinburg is planned to be completed at the end of the first quarter of 2021, and it will enable optimised production and distribution of more than 9,000 GWh of heat. The project in Kraljevo is expected to be finalised at the end of January 2021.

We continued to optimise business processes in the company Energetika Maribor, providing for unified management and control of operation in near real time thanks to the Tango IoT platform, advanced analysis and machine learning.

We formed several strategic partnerships in the field of DISNet-DH in 2020: we signed a framework agreement on mutual cooperation with Danfoss. Due to the strategic preference for RES projects on district heating systems, we launched cooperation with the company SOLID, which specialises in solar engineering and all aspects of large solar heating plants. We also partnered up with the Dutch company Gradyent, which shares our vision in the field of district heating.

Water supply systems DISNet-WS (Digital Intelligent Smart Networks – Water Supply)

Increasing the efficiency and economy of drinking water supply is one of the major efforts of European countries. Petrol d.d., Ljubljana has developed the DISNet-WS service, which allows for economical planning of the development and refurbishment of the existing water supply system, optimisation and supervision of construction (new sections, reconstructions, etc.) and efficient real-time management and maintenance. It also makes it possible to calculate dynamic performance indicators (KPIs), which connect the processes of managing water supply systems and the aspects considered in assessing the performance of drinking water supply services (safety, quality, user support, sustainability, efficiency).

Digitalised management of the water supply system, together with the establishment of performance indicators, helps to improve operational energy and environmental performance, the effectiveness of managing non-revenue water (NRW) and water losses. Improved efficiency of the water supply system ensures greater operational safety and reduces the risks of ensuring the conformity and wholesomeness of drinking water channelled from the water source to the customer's point of consumption.

Improved processes of providing drinking water supply services and their management contribute towards decreasing greenhouse gas emissions while also supporting adaptation to the effects of climate change (for example by reducing water losses, integrating low-energy solutions, water reuse).

The outbreak of the Covid-19 pandemic has had a major impact on the functioning of the drinking water supply sector. The challenges faced by water supply system operators in the new situation indicate an increasing need for the digitalisation of the operation and management of water supply systems. The processes carried out by DISNet-WS at our customers have proven to be an effective measure and are recognised by customers as a key part of their management process. Despite the lockdowns, we successfully finalised the first project in Croatia for Međimurske vode, Čakovec, in 2020. Međimurske vode is one of the largest and most developed water supply systems, which was the first to recognise the importance of establishing its water supply digital twin, and serves as a key reference for the Croatian market. The project of digitalising the water supply system managed by the utility company Komunala Novo mesto was also successfully completed, having further expanded in scope at the end of the year. In addition, in 2020 we succeeded in

winning two long-term Support & Update contracts signed with VOKAS Ljubljana (4 years) and KP Velenje (3 years).

In total, we provide DISNet-WS services in 7 countries in the region (Slovenia, Italy, Croatia, Bulgaria, Romania, Montenegro and Bosnia and Herzegovina). We are partners with 14 major drinking water supply systems (Ljubljana, Maribor, Kranj, Velenje, Murska Sobota, Novo mesto, Ptuj, Čakovec, Novara, Arad, Sofia, Podgorica, etc.). We help our customers optimise over 11 thousand kilometres of the water supply network in real time comprising over 1.32 million users and more than 320 thousand water meters, which collectively produce and distribute over 130 million m³ of drinking water a year. We have thus achieved a proven reduction of water losses by 3.5 million m³ annually.

Wastewater treatment

A cleaner environment is becoming an increasingly important issue in the present time. Wastewater is a major factor in this, as it can pollute the environment if left untreated. In the Petrol Group, we are aware of the significance of technology used in wastewater treatment, for it has to be environmentally friendly and cost-effective. Yearly operational monitoring performed by authorised institutions indicates that all machinery in the Petrol Group has been operating in compliance with legislation.

During the pandemic, the operation of wastewater treatment plants proved even more to be one of the key economic activities allowing smooth performance of obligatory public utility services, the health care system, food production and, last but not least, the normal living of people during the lockdown measures. Despite the considerable presence of the virus in wastewater and the resulting high exposure of our employees, we carried out the process and work at all locations continuously and without major problems.

In 2020 the Petrol Group operated four concessions for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE), in Sežana 6,000 PE, in Ig 5,000 PE and in Mežica 4,200 PE. Petrol also managed industrial waste treatment plants at Vevče Paper Mill and Paloma.

At the four municipal waste treatment plants we treated 3.3 million m³ of municipal wastewater, whereas at the two industrial waste treatment plants 1.7 million m³ of industrial wastewater was treated.

In total, 5 million m³ of wastewater was treated in 2020. Wastewater treatment efficiency was at the expected level and fully compliant with all regulatory provisions at all waste treatment plants in 2020. In 2020 we also operated 52 small treatment plants at the points of sale owned by Petrol.

As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is involved in the treatment of municipal wastewater also in the municipality of Maribor, the capacity of which is 190,000 PE.

Efficient lighting systems

Slovenia is one of the countries that has begun solving the problem of light pollution through state-level regulation. In 2007 the Government of the Republic of Slovenia adopted the Decree on Limit Values due to Light Pollution. Binding for lighting operators (legal and natural persons), the Decree prescribes the method of lighting and the maximum consumption of electricity for public lighting systems per resident.

Similar guidelines on limiting light pollution are followed also by other countries in the region. In Croatia, an act on the protection from light pollution is in force. Serbia has in place the Energy Act, the Efficient Energy Consumption Act and Rules on Energy Performance Contracting laying down measures for improving energy efficiency in the public sector.

Legislative frameworks directly affect the potential or interest of public local communities for energy and eco-efficient renovation of public lighting systems. In urban areas, Petrol is running public-private partnership projects with the aim of reducing energy consumption, greenhouse gas emissions and light pollution, as well as to provide traffic and general safety and lighting comfort for the users of public spaces in an energy efficient way. By integrating systems in the Tango platform, through the digitalisation of energy accounting, we monitor and analyse the costs of public lighting systems. Through an active management of systems, we generate further savings in terms of electricity and operational costs of public lighting systems. Together with the Tango platform, modern energy-efficient public lighting systems represent the foundation for the digitalisation of lighting infrastructure, enabling synergies and further development of services in the context of smart local communities.

In the past three years, we doubled the number of public lighting systems with upgraded energy performance through our own investments. Today, we manage public lighting systems in 14 Slovene municipalities and towns (Koper, Bled, Črnomelj, Hrastnik, Ankaran, Postojna, Radlje ob Dravi, Poljčane, Izola, etc.), five Croatian towns (Kraljevica, Pušča, Sveti Ivan Zelina, Podbablje, Zagvozd) and three towns in Serbia (Sečanj, Vrbas, Priboj).

After winning contracts for an energy efficient renovation of public lighting in Izola, Croatian towns of Podbablje, Zagvozd and Zabok and in Serbian towns of Vrbas and Priboj, we managed to further consolidate Petrol's position in the region of SE Europe in 2020.

In total, we manage 22 concessions or systems of public lighting and over 46 thousand public lighting lamps. Within the product group of energy and environmental management of buildings, we continued to replace inefficient lighting in public buildings and in dedicated sports facilities. Through the energy renovation of public lighting systems alone, we save over 17 thousand MWh of electricity per year and reduce CO₂ emissions by more than 10 thousand tons annually.

In 2020 we replaced more than 250 thousand inefficient lamps altogether.

Systems of energy and environmental management of buildings

The Energy Efficiency Directive (2012/27/EU) establishes a number of measures in the field of energy efficiency, including the leading role of the energy renovation of public sector buildings, which is to serve as an example for other stakeholders. In this context, the Directive requires that, as from 1 January 2014, 3 percent of the total floor area of buildings owned and occupied by public sector entities shall be renovated each year. The Directive was transposed into Slovene law by the Energy Act (Official Gazette of the Republic of Slovenia, No. 17/14).

Energy performance contracting is also one of the key measures under the Energy Efficiency Action Plan (AN-URE 2020) and the implementation of the Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014 – 2020. That way, private capital is included to a greater extent in the financing of energy efficiency measures, multiplying public investments and resulting in higher energy savings per unit of investment incentive.

Petrol carries out energy performance contracting services for buildings in the narrow and wider public sector. Energy performance contracting is defined as a contractual reduction of energy costs. It is more than just a financing method: it is a contract model that, in addition to designing and implementing (construction and technological) actions, also covers the financing, management and supervision of operation, servicing and maintenance, elimination of defects as well as the encouragement of consumers towards efficient energy use. Energy performance contracting is a method of contract-based reduction of energy costs in which the operator provides a range of measures necessary for the efficient use of energy on the client's premises, with the client undertaking to pay the agreed amount for these services (reduced energy consumption and provision of comfort), taking into account contractual penalties, if any, in case the agreed results or savings are not achieved (no service - no payment). The basis is a contract, concluded for the agreed period between the owner (or manager) of the building, i.e. the client, and the contractor, i.e. energy service company (ESCO).

In 2020, despite the epidemic and the aggravated market situation, we successfully carried out two major projects in cooperation with our partners:

- comprehensive energy renovation of public buildings at the Zlato polje location in Kranj (5 educational buildings, central boiler room and heat pipeline);
- comprehensive and partial energy renovation of buildings owned by the municipality of Brežice (15 buildings).

In 2020 we carried out energy renovation and assumed management of 20 buildings with a total area of 64,5 thousand m².

Furthermore, in 2020, we signed a concession agreement together with our partner, the City of Ljubljana, on the implementation of the EOL-3 project, representing a continuation of successfully realised EOL-1 and EOL-2 projects, for which we received awards at home and abroad. The project comprises 27 buildings with a total area of 94,4 thousand m². The project was launched in 2020 and will be completed in 2021.

In 2020 we implemented energy performance contracting services at 341 buildings with a total area of 1 million m², which is equivalent to approximately 86 office buildings of Petrol at Dunajska 50, Ljubljana. Eleven buildings with a total area of 28,8 thousand m 2 were excluded from energy contracting services and transferred to be managed within the sector of district systems.

In addition to the EOL-3 contract (27 buildings, 94.4 thousand m²), further 15 buildings in Slovenia with a total area of approximately 70.0 thousand m² were prepared in 2020 for the performance of projects to be implemented in 2021. Projects that are going to be implemented in 2022 and 2023 are already in the pipeline.

Energy solutions for industry

In the area of industry, we have developed various business models that are fully tailored to the needs of customers and their technological processes. The most interesting projects in Slovenia's industry in 2020 were: the use of green energy products (with an emphasis on green electricity and biogas), e-mobility, efficient lighting, photovoltaics, waste heat, industrial treatment plants, circular economy, energy management, compressed air, heating and cooling, electricity and heat storage, virtual power plant, etc. Petrol can be a reliable and professional partner in all these projects. We help industry achieve the goals of the National Energy and Climate Plan. For management purposes, we established an integrated management centre in Ravne na Koroškem, where we ensure reliable and efficient functioning of our customers' processes throughout the year.

Key projects and activities in 2020:

Energy solutions for industry:

- · We distributed 136.8 million KWh of natural gas (the Štore industrial zone).
- We pumped 722.3 thousand m³ of drinking water for technological purposes and drinking, distributing 80.8 thousand m³ of drinking water and 4.4 million m³ of cooling water.
- We sold 16.8 million m³ of industrial water and 666.0 thousand m³ of drinking water (the Ravne industrial zone) and distributed 26.0 m³ of drinking water in the Štore industrial zone.
- · We distributed and sold 71.1 million m³ of compressed air.
- · We distributed 328 GWh of electricity, specifically 157 GWh in the Štore closed distribution system and 171 GWh in the Ravne closed distribution system.
- · In 2020 electricity production at CHP Ravne amounted to 19.7 GWh.

In 2020 the investment in a 6 MW electric boiler was completed. The electric boiler will be integrated into the existing district heating system. The main purpose of the electric boiler is to provide services to the transmission system operator (ELES) in connection with frequency control (mFRR). This is the first project of its kind in Slovenia and is part of a broader European project called X-FLEX.

In 2020 we continued searching for potential locations at industrial facilities for electricity production from RES and the installation of solar power plants (both in our facilities and at our customers). We re-inspected our production facilities in Ravne and initiated the project of setting up two solar power plants (the Oxygen plant and the Heating plant). The projects will be completed in 2021. The first energy audit projects have been implemented, enabling the identification of potential opportunities for improving energy efficiency, reducing the carbon footprint and cutting energy costs in the long run.

In 2020 we continued to pursue synergies between industry and the local community, building on successful foundations and implementation as part of previous projects (especially in the utilisation of excess heat generated in industrial processes). We will continue to apply for European projects also in the coming years.

Tango technical and information system

Tango is an open aggregation platform, which addresses the challenges of modern business and enables digital transformation, regardless of customer activity or size. It focuses on building smart and pragmatic work processes, making smart decisions and creating new added value.

Tango, which is Petrol d.d., Ljubljana's first software product, has been developed with the end user in mind and it encompasses the best practices in district heating systems, water supply systems, public lighting, industry, energy management of buildings, etc.

Tango provides internal and external customers with:

- short response times and accurate and trusted decision-making based on fast, accurate and trusted data;
- · near real-time control and improved operational efficiency;
- · reduced energy use and costs;
- · increased asset utilisation and reduced downtime or failure;
- · more effective predictive maintenance and improved quality management;
- automation using machine learning and improved efficiency of work and decision-making processes.

Tango is one of the key software tools used by Petrol d.d., Ljubljana, on its path to digital transformation. It provides an important strategic development advantage in offering near real-time process optimisation services in cities, industry, travel and at home.

In 2020 Tango was applied, partially or fully (depending on customer requirements and implementation possibilities), in 15 district heating systems (Slovenia, Croatia, Serbia, Italy), to control the operation of systems or – together with the Termis system – to help manage and/or control said systems. Tango and advanced analytics at Energetika Maribor generate excellent results as they successfully bring down the costs of heat production and distribution in the city of Maribor.

Tango was tested on 10 heat systems, where it enables monitoring of systems and transmission of accounting data to SAP, the latter providing the basis for further processing and accounts.

In the field of DISNet-WS water supply systems, Tango is used in seven water supply systems (in Slovenia, Montenegro and Romania). For instance, by implementing Tango in the utility company Komunalno podjetje Velenje in 2020, we upgraded the system of water loss management and control as well as the management of drinking water supply.

Tango was also implemented in two efficient lighting systems (Croatia, Serbia), where it is used to monitor energy performance contracting, detect anomalies and help achieve savings. Thus, we have expanded the control and management of the existing efficient lighting systems.

Tango has been implemented and is in use for energy accounting purposes in 15 municipalities. The Gorenjska Local Energy Agency started using Tango in the provision of its services in 2020. Tango also helped energy managers monitor and gain savings at more than 120 facilities in the public sector.

Tango is also used for the control and monitoring of industry, wastewater treatment, and renewable energy sources (solar power plants, wind farms, small hydro power plants) in Slovenia, Croatia and Serbia.

District heating

District heat supply consists of heating systems where heat is produced in one or more boiler rooms and distributed to end customers via a hot-water network. Heat distribution systems are now considered to be one of the most reliable and, in terms of the environment and costs, acceptable systems for supplying heat to end customers. Buildings supplied via a district heating system do not require their own heating source, with the system itself providing the following supply advantages:

- · improved energy efficiency,
- · friendlier to the environment,
- · straightforward operation and maintenance, reliability, comfort and convenience,
- · lower cost of investment,
- · lower cost of operation and major repairs.

Heat distributors must ensure that at least 50 percent of heat is produced from renewable energy sources (biomass, geothermal energy, etc.) or that a minimum of 75 percent is produced from high-efficiency cogeneration of heat and power. Fifty percent can also be supplied by combining heat coming from the above two sources.

At the end of 2020, the Petrol Group operated 29 district heating systems, of which 16 were organised as an optional public utility service (a concession) or concession agreements for their management were signed with municipalities. Ten district heating systems were organised as a proprietary system and three as market distribution systems.

In 2020 the Petrol Group sold 136.6 thousand MWh of heat, which was 6 percent less than in 2019 and 10 percent less than planned.

Distribution of natural gas

The Petrol Group distributes natural gas in Slovenia, Croatia and Serbia.

In Slovenia, Petrol d.d., Ljubljana either owned or managed 31 concessions in 2020 through which it operated more than 9,900 active connections and supplied over 16.8 thousand end users.

In 2020 Petrol d.d., Ljubljana acquired a new natural gas concession in Črenšovci and began distributing natural gas in Škocjan and Šentjernej. All metered customers (annual consumption exceeding 800 thousand KWh) can check their gas distribution data in real time.

In Serbia, Petrol distributes natural gas through Beogas d.o.o. in the Belgrade area in three municipalities (Čukarica, Palilula, Voždovac) and in the municipalities of Pečinci and Bačka Topola. In 2020 the construction of the new distribution system Siva stena was finalised, the Mokroluška measuring and control station was constructed, and 1,300 m of connecting gas pipeline were built, which will supply the urban area of the Voždovac Municipality's distribution system. Moreover, 14.5 km of new network was constructed, and 113 new consumers were connected in 2020. Beogas d.o.o. supplies about 15.5 thousand end users in Serbia and is ranked among the four largest distributors in the country.

In Croatia, the Petrol Group distributes natural gas through the company Zagorski metalac d.o.o. Zagorski metalac d.o.o. distributes natural gas in the Zagreb County and in the Krapina-Zagorje County. The company has a broad gas distribution network (of approximately 830 km), through which it supplies gas to over 17.6 thousand end customers. The company is among the top 10 distributors in Croatia. At the end of 2020, the Croatian Energy Regulatory Agency issued a public call for tenders for the public natural gas supply service for the period from 1 April 2021 to 30 September 2024. Zagorski metalac d.o.o. has retained all its existing customers and gained more than 5 thousand new ones as a result of the call.

The Petrol Group distributed 1.2 TWh of natural gas in 2020, an increase of 12 percent from 2019 and 4 percent less than planned.

Mobility

We are developing new smart solutions in the field of electric mobility and mobility services, which will constitute an important pillar of Petrol's sustainable and innovative business over the long term. In the Petrol Group, there are two segments we are focusing on when it comes to mobility. The first segment is linked to the charging infrastructure, which means setting up, managing and

maintaining the infrastructure for the charging of electric vehicles as well as providing the charging service. The second segment is comprised of mobility services, which include new forms of mobility, such as operating leases, fleet electrification, vehicle sharing and fleet management services

Charging infrastructure

In 2020 we continued to operate two European projects – Urban-E and Multi-E, which combine and have an impact on both mobility segments. We are also closely involved in the European Next-E project as a partner.

The common denominator of all three projects is the implementation of guidelines for the introduction of alternative fuels, decarbonisation and innovation in transport. To this end, we are setting up a charging infrastructure network for alternative energy sources, primarily for electric vehicles and sustainable smart mobility services.

As part of the Urban-E project, we installed 32 pilot parking sensors at charging points for electric vehicles (24 in Ljubljana, 8 in Zagreb), which will enhance user e-mobility experience. In addition, we further expanded the charging infrastructure in cities, namely in Ljubljana and Zagreb. Through the Multi-E project, we will further expand our market presence with new types of charging points in Slovenia and Croatia and enter the market of northern Italy. As partners in the Next-E project, we boosted Petrol's market share in charging infrastructure on motorways along the TENT-T corridor in Slovenia and Croatia and began preparations for setting up the first ultra-fast charging points and the implementation of a pilot battery storage project. These projects helped us redesign the back-office system for managing charging points, the OneCharge application, and enter into a roaming agreement with the largest roaming platform, providing a simpler and better user experience for our users along with access to the largest network of charging points in Europe. Our users can use the Petrol Club Electromobility card and the OneCharge mobile app for recharging at the charging points of partners with whom we have established cooperation. We also offer the users of our partners, i.e. other charging service providers, straightforward access to charging at the charging points we manage through the use of partners' mobile applications and identification cards. This will enable us to grow in the field of e-mobility in the regions where the Petrol Group operates and to expand to other markets.

In 2020 we set up 45 regular charging points and 12 fast charging points in Slovenia, of which 21 existing ones have been replaced with a more technically advanced model. In Croatia, we set up 14 regular charging points and 10 fast charging points. In 2020 we also entered the Montenegrin market by installing a first ultra-fast charging point. At the end of 2020, Petrol operated and provided electric vehicle charging services at more than 180 public charging points. We upgraded as many as 54 existing charging points and also prepared 3 locations for the installation of ultra-fast charging points, which will be available for public use as early as at the beginning of 2021.

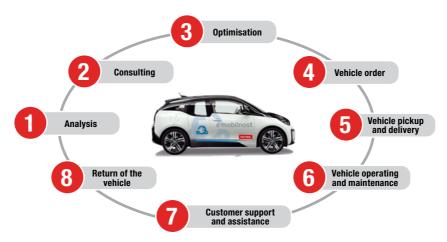
The number of charges on our charging infrastructure in 2020 increased by 9 percent compared to 2019 and the amount of electricity transmitted by more than 21 percent. Considering the coronavirus lockdown measures and the resulting decline in transit traffic, this is another indicator that e-mobility development is in full swing.

Mobility services

With the acquisition of Atet d.o.o. at the end of 2019, Petrol d.d., Ljubljana expanded its portfolio of sustainable mobility services and focused on fleet management and maintenance.

As part of the fleet management service, companies, municipalities and other organisations are provided with continuous mobility owing to services such as long- and short-term leases and door-to-door services. At the same time, we reduce fleet costs with an optimised fleet vehicle structure and work towards fleet electrification, thereby reducing the carbon footprint. In 2020 we carried out a pilot project on Petrol's own fleet and we are entering the market at the start of 2021.

In the light of the mobility trends, where in addition to fleet electrification various types of e-vehicle rental rather than purchase are mentioned, we continued to develop the service called Vehicle as a Service. This represents an upgrade of a typical e-vehicle operating lease for up to 5 years. This is just one of the products that complement our comprehensive mobility solutions. We also offer municipalities and companies the optimisation and management of their existing fleets.



In addition to financing, the Vehicle as a Service package covers all operating costs incurred during the lease of a vehicle (insurance, regular and emergency repairs and maintenance, additional sets of summer and winter tyres, tyre replacement and storage, 24/7 customer assistance, vehicle replacement assistance, etc.).

PETROL ANNUAL REPORT 2020

PRODUCTION OF RENEWABLE ELECTRICITY

Rapid development of the global energy system is fuelled by growing energy needs as well as by environmental requirements linked to climate change. Recognising this, we also produce electricity from renewable sources – wind, water and sun, with wind power becoming increasingly important in the European energy market.

As a key element in the future development of the Petrol Group, renewable electricity production has a strategic place in Petrol's decision to become a modern energy company. It helps us secure own long-term sources for the purpose of selling electricity, while keeping us prepared for new trends in the area of transport. At Petrol, we see enormous potential for the development of renewable electricity production in SE Europe. By developing our own production capacity, we pursue the strategic orientation of becoming a visible regional provider of comprehensive energy and environmental solutions, and a partner in the development of the circular economy for transition to the low-carbon society.

The Petrol Group has been involved in electricity production since 2003, when electricity was produced at smaller production plants (photovoltaics, micro cogeneration, biogas plants).

We produce hydroelectric power in Bosnia and Herzegovina, where electricity is produced at five small hydroelectric plants. In total, 30 GWh of electricity was produced at those plants.

In Croatia, the Glunča wind power plant produced 44 GWh of electricity. Despite Covid-19, we continued our investment in the construction of the Ljubač wind farm (3 MW), which is expected to be completed in the second quarter of 2021. In addition, we further developed two projects in Croatia consisting of seven photovoltaic power plants with a total power of 70 MW. Construction permits for the first three power plants with a total power of 17 MW are expected in 2021. The remaining construction permits are expected in 2022 and 2023.

In Serbia, we completed the construction of a small 1 MW hydroelectric power plant in cooperation with a business partner.

In 2020 the Petrol Group produced 86.7 thousand MWh of electricity.





SUSTAINABLE DEVELOPMENT

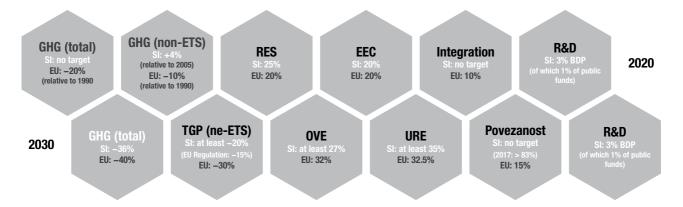
The European climate package, which is binding also for Slovenia, requires new steps towards decarbonisation, making it necessary for the Petrol Group to introduce a number of ambitious changes in several areas.

Slovenia supports the ambitious climate goals of the European Union and its transition to a fair and prosperous society with a modern, competitive and resource-efficient economy, with zero net greenhouse gas emissions by 2050. The basic purpose of Slovenia's Climate Policy Act is to set a long-term climate goal of achieving zero net emissions of all greenhouse gas emissions by 2050. The Climate Policy Act establishes mechanisms through which climate policy will be implemented in all sectors so as to achieve the set goals.

The objectives of the climate policy are:

- · achieve carbon neutrality by 2050;
- · raise awareness that climate change is already happening;
- · immediately approach, in all sectors, the adoption of measures to limit, reduce and adapt to climate change;
- · achieve the climate security of the population;
- · increase society's capacity to adapt to climate change;
- · increase the removal of greenhouse gases through sinks;
- encourage research and other activities that enable the removal of greenhouse gases from the atmosphere or limit their emissions.

Slovenia has committed itself to meeting its energy and climate goals in its National Energy and Climate Plan.

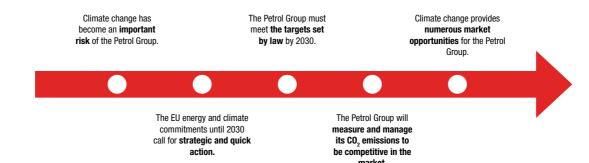


Source: Integrated national energy and climate plan of the Republic of Slovenia, 2020

In most segments, targets deviate significantly from trends in the area of energy and emissions in recent years. As the Petrol Group is involved in several energy segments, these shifts are strategically relevant. Namely, the new legislation expects economic operators to manage energy and emissions of their entire value chain, which in addition to own activity also comprises a complex supply chain and all customer segments. Attaining ambitious legislative goals will require the Petrol Group not only to modify its product and service range, but also to make significant investments in sales infrastructure, supplier relations and in the co-shaping of new consumption patterns. In connection with the National Energy and Climate Plan, which Slovenia will have to implement by 2030, the latest guidelines on non-financial reporting on climate indicators and the recommendations for the sustainable operation of companies, at Petrol:

- · we constantly study our possibilities and outline further strategic directions for sustainable business;
- · we are devising a programme of activities to contribute to climate change mitigation;
- · we are updating/setting measurable goals and indicators.

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As the largest trade and energy company in Slovenia and a major regional player with ambitious growth objectives, the Petrol Group has been aware of the importance of sustainable development for some time and has thus integrated it into its mission and business strategy. It has also been reporting on its sustainable development for a number of years. By timely preparation of measures for climate change and in response to the EU legislative package, the Petrol Group also recognises climate change as a market opportunity, as its range of products, services and business models helps successfully address many serious challenges of today's society and the future.

Sustainable market opportunities that the Petrol Group has implemented so far and will continue to upgrade in the future include:

- · own production of electricity from renewable energy sources (wind, water, solar, biowaste);
- energy efficiency a comprehensive range of energy and environmental solutions for cities, businesses and households providing annual growth in energy and environmental savings;
- energy independence (management of independent energy communities; optimal combinations of decentralised resources on both the production and consumption side; combining all energy into a common sales product in SE Europe; installing and making use of offtake flexibility; self-sufficiency);
- marketing energy products with lower emissions to bring down emissions of harmful gases (natural gas, liquefied petroleum gas, biofuels – we are improving conventional fuels by using additives to reduce fuel consumption as well as greenhouse gas emissions);
- · electromobility (expansion of the network of charging points, operating lease of carbon-free fleet).

In addition to ensuring low carbon emissions, the Petrol Group builds its sustainable strategy on partnerships with employees and the social environment:

- · by providing convenient, high-quality and healthy services tailored to our customers;
- · by enhancing employee satisfaction and strengthening corporate integrity as well as personal and career development;
- · by supporting a number of sports, arts, humanitarian and environmental projects;
- · by caring for the more vulnerable groups;
- · by investing in a new generation of professionals.

The third pillar of Petrol's sustainable strategy consists of challenges and opportunities presented by the circular economy and activities aimed at boosting resource efficiency (reducing the use of primary raw materials, their reuse, separating waste at source while generating fractions that are as pure as possible, increasing material recovery).

Sustainable development is one of the priorities of the Petrol Group. Due to its importance, the Petrol Group has been publishing independent sustainability reports every two years since 2012. In June 2021, the fifth sustainability report will be issued, in which we will present in more detail sustainable strategic orientations and challenges, goals, programmes, projects and results. Our activities are complex and diversified; therefore, we are constantly formulating a methodology for sustainable development, measurement, evaluation and reporting.

BUSINESS REPORT 10:

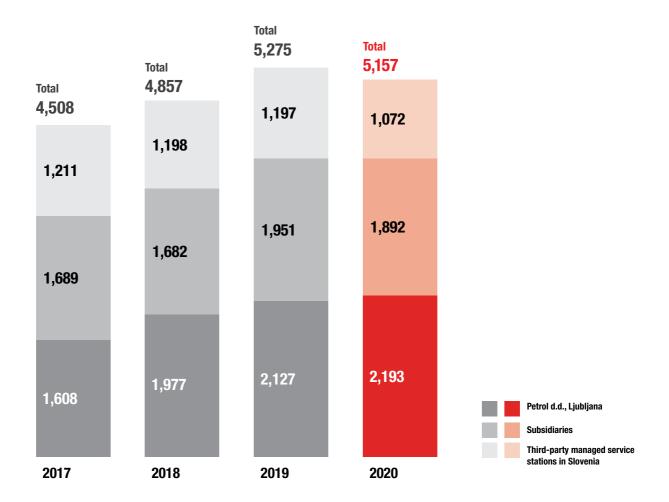
EMPLOYEES

At the Petrol Group, we build a culture of mutual trust and respect, innovation and teamwork, while also striving to provide a friendly, stimulating and dynamic work environment as well as opportunities for employee development.

The year 2020 was particular due to epidemic-related changes in the economic and health situation in the region. This interfered significantly with the regular work processes and redefined the focus of our activities related to the care for employees.

At the end of 2020, there were 5,157 people employed within the Petrol Group and at third-party managed service stations, of whom 35 percent abroad. Compared to the end of 2019, the number of employees decreased by 118 or 2 percent.

NUMBER OF EMPLOYEES IN THE PETROL GROUP 2017 - 2020

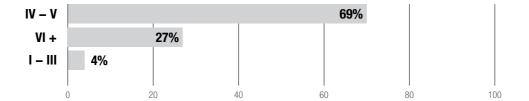


At the end of 2020, the average age of employees was 39 years.

58 percent of employees were male and 42 percent female. Over the years, the employee structure has been gradually improving in favour of women (on average by 1 percentage point per year). The gender balance differs across companies depending on the activity of each company.

Because our core business is retail, the highest proportion of Petrol Group employees have level V education (secondary education).

PETROL ANNUAL REPORT 2020



Recruitment



The challenge of securing the right experts

Recruiting the right experts to the right posts is the key for achieving our business goals. Attracting top external experts, a diverse pool of in-house staff and scholarships constitute important components of the business growth plan.

During the selection and recruitment process, all candidates are given equal treatment irrespective of sex, age or other circumstances. Acquiring the right staff is becoming increasingly challenging, that is why we look for candidates through different channels. We engage external partners and also look for the right staff on online social networks. We have set up our own recruitment database to find new staff quickly and efficiently. The promotional video which presents the interesting yet demanding job of the service station employee at Petrol's points of sale is of additional help in finding staff. In recruitment and selection, we use different psychological tests and in-depth interviews.

Petrol's system of human resources development, continuous employee education and training also provide for a diverse choice of internal human resources. The high level of qualification enables our staff to quickly adapt to changes and also take advantage of internal vacancies to find challenges in new areas of work within the Group.

Engaging with young people – a great way to get to know future colleagues

Working with young people at the time of schooling is a great way to get to know your future colleagues. We connect with young people through scholarships, internships and other collaboration with faculties. We award corporate scholarships for scarce occupations such as car mechanic and, in accordance with our strategy of promoting diversity, to female students who intend to enrol in natural science or technical faculties. Currently, we have seven scholarship students, with which a first meeting had already been organised and who were introduced to Petrol and to some of their mentors. They also had an opportunity to get to know each other better through various group exercises.

Remuneration and motivation of employees

The Petrol Group's remuneration systems are aimed at motivating employees to perform even better and increasing satisfaction in everyday work. Salaries consist of a fixed and variable part, the latter depending on the remuneration system in place. Different groups of employees have different remuneration systems that are used as a basis to calculate the variable part of the salary.

At the Petrol Group, most employees either have access to the point-of-sale remuneration system or to the remuneration system for corporate functions.

In 2020 we put in place a redesigned remuneration system for point-of-sale employees, which redefines the method of calculating point-of-sale performance and determining the variable part of the salary. The redesigned system allows for an even more suitable and stimulating rewarding of employees at the points of sale.

Point-of-sale employees receive the variable part of their salary in the form of a monthly performance bonus based on the productivity of a point of sale. They receive an additional bonus for maintaining or improving the quality of operations. Employees are also remunerated by taking into account the results of sales promotion campaigns, especially as regards the sale of new products and services. Through the best salesperson competition we select and reward the best salespersons in each country, and we also reward employees at the best performing points of sale.

The job performance of employees in corporate functions is monitored through quarterly interviews and is remunerated according to whether their goals have been achieved or surpassed.

Employees receive jubilee benefits in appreciation of their loyalty to the Company. At the end of the year, employees also receive part of their performance bonus, which is linked to the Company's performance.

At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002. The scheme covers the employees of the parent company, subsidiaries and third-party managed service stations in Slovenia.

In 2020 we witnessed numerous changes in the field of labour law. Employees were paid a crisis allowance during the first and second waves of the coronavirus epidemic and provided with appropriate compensation for absence due to force majeure, quarantine and furlough as well as benefits and compensation for short-term sick leave. We also kept the employees informed about their possibilities and rights under the law.

In addition, during the first wave of the coronavirus epidemic, we further rewarded employees occupying the most at-risk positions by paying them Petrol's hazard pay.

For more information about these measures and about working conditions in the changed situation resulting from the pandemic, see chapter Non-financial statement.

Quarterly and annual staff management based on goals and feedback

We continue pursuing the established practices of systematic monitoring of performance and goal-based management. Quarterly interviews as a management and motivation tool enable regular conversations with the manager about goals. This year, 1,044 employees were included; however, we systematically skipped two quarters for various reasons linked to absences from work during the first wave of the epidemic. In 2020, goals were set based on annual interviews on a smaller scale, excluding points of sale. The annual interview was held with 233 employees at Petrol d.d. as well as subsidiaries.

Achieving or exceeding the quarterly or annual goals is the basis for rewarding individual performance of employees.

The pandemic is accelerating digital development

Knowledge ensures a successful integration of individuals in business processes and creates long-term competitive advantages of an organisation. That is why we consider investments in employee training and development an investment for the future. Staff education and development are intertwined with numerous business and support activities, resulting in trained and committed staff that is motivated to achieve current and future goals. The Company's values are a common bond connecting the employees. They are strengthened and communicated through all internal communication tools and integrated into the general competences model. To promote them even more among employees, we use different systemic measures.

There was a major shift in the way we do training, socialise and work in 2020. Where permitted by the work process, telework was introduced, requiring a series of adjustments, quick acquisition of new computer skills and new approaches to teamwork. Employees could be trained only remotely for 10 months and much content was presented through internal knowledge transfer, one of the reasons being an even more economical use of funds. We also prepared several in-house

electronic training materials, and our knowledge was tested with short quizzes. We conducted training for SAP modules, deepened our knowledge of Excel, we provided language courses to our staff and, naturally, organised all legally required training programmes for them. Sadly, we had to abandon some programmes, the core of which are practical group exercises, and we sought alternative options for self-learning, e.g. via the Udemy learning platform.

Operations at points of sale were also digitalised, as the tablets purchased for each point of sale enabled interactive work in Teams by employees in the sales network for training purposes. Even more importantly, we digitalised the document system for managing operations at service stations.

Training in figures

In 2020 the number of training hours decreased due to the epidemic; however, the number of training participants has grown, as we replaced all-day live training courses with several different short training sessions in the form of e-courses followed by a final test. With almost 28 thousand participations recorded, a 18-percent increase over 2019, each employee attended, on average, at least 5 different training courses. The number of training hours declined, however, on average by 45 percent compared to the year before. The effectiveness of training courses is checked by conducting regular surveys of participants after the end of the training, and the e-classroom offers analytics for the results of final knowledge quizzes. Recordings of training content and internal round tables are available online, and the number of views is increasing daily.

Acquiring new knowledge with the help of internal communities

Our employees mostly prefer to learn from each other. To this end, several communities exist in the Company, which are trained to transfer knowledge and information and improve cooperation in the work environment. Owing to the rapid introduction of Microsoft 365 new features and improvements we increased the team of M365 ambassadors this year.

Ambassadors come to the aid of colleagues when faced with a computer challenge, they keep up with the innovations in the M365 environment and communicate them to fellow employees, continuously upgrade and enhance their knowledge through internal training sessions and meetings, and help colleagues adopt new working methods through short assignments. The existing network of over 60 ambassadors was expanded this year by an additional 18 to provide help to employees even faster.

Knowledge is multiplied when shared

Training is systematically arranged for many target groups in the sales and technical departments. Certain programmes are mandatory for all employees and are largely carried out in the form of distance self-learning (for example, on occupational safety, information security, security of card operations, food handling). With the number of products and services available to our customers increasing, we also provide more and more content relating to the retail network. In 2020 we expanded the internal library of e-materials. In this scope, we designed e-learning "Sales at the point of sale", "Manager as coach", "Handling demanding customers", "Remote team management", "Communication at Petrol", "Telephone communication standards", "Knowledge guide for Fresh coordinators", "I drive Q Max", prepared workshops via Zoom on giving feedback, and we also regularly conduct training in Microsoft tools (Teams, OneDrive, Sharepoint, Outlook), which we use at work. On the topic of corporate compliance, we added "Corporate Integrity" to the mandatory content catalogue, which upgrades the content of our Code of Conduct.

Systematic training is provided for sales channels to boost customer satisfaction

Learning Centres in Zalog, Rače and Nova Gorica organise induction seminars for newly recruited sales personnel, but the number of participants was greatly restricted, as required by the epidemiological services. In a simulated shop environment, future and current employees are trained

in sales skills. The sale personnel is trained by the network of internal coaches in Slovenia who all have the appropriate skills and knowledge to conduct training and workshops. The network of internal coaches in SE markets comprises 12 coaches. Every year, we renew our internal certificates and we are committed to maintaining the quality of coaching skills. The learning centre makes it possible to train new employees, to refresh or gain knowledge, to practice sales skills and to acquaint all sales personnel with major novelties. This way, we consolidate knowledge, strengthen the standard of sales skills, lessen the managers' burden related to the induction of new employees, reduce stress upon onboarding, and decrease the risk of mistakes at work. We aim to transfer good practices in Slovenia to foreign markets, thus allowing for a systematic development of staff in all markets where we operate.

Coaching culture leading to constant care for employee development

At the end of 2020, we had 36 internally certified coaches in Slovenia and four in SE markets. Six more employees are currently being trained to become performance coaches. Due to the epidemiological situation, the workshops were not carried out in 2020. To maintain and further develop knowledge, e-learning was organised and took place in the in-house online classroom. In SE markets, training involving 12 internal coaches was carried out on sales skills and coaching. To do their work, coaches use a coaching platform, which already contains close to 2,700 coaching plans. The number of coaching plans is lower than planned because there are fewer employees at the points of sales due to the epidemiological situation.

This year, the traditional best salesperson competition did not enter its final stage because the health and safety of our employees were put first. The ranking was therefore based on other criteria, such as the knowledge quiz and the mystery shopper score.

Twice a year we reward sales staff who are the so-called stars of mystery shopping with an award and a special event, which demonstrates that they achieved the best score in an anonymous assessment of the sales process. In the scope of the Fresh range, we are also developing internal competitions for the best pizza maker.

Energy for Leadership – a programme for leaders and managers

In 2020, Energy for Leadership (EFL), our three-year training programme, was completed by 64 leaders. The remaining groups continued their training remotely. After completing the EFL programme, participants get access to another four e-courses to remind them to use the management skills they had acquired. The programme allows for managerial communication and motivational skills, the skills of strategic and systematic thinking and personal skills to be improved. In combination with individual coaching, managers are provided with in-depth insight into the management style and opportunities for improvement.

Internal project management academy

In 2020 a third Project Management Academy took place, which brough together existing and future project managers working with 17 external and also Petrol's in-house lecturers and experts. Participants complete the academy by preparing practical project plans.

Training of external staff

In the Petrol Group, particular attention is also given to the training of external staff (students, hauliers, cleaning personnel at service stations, etc.) and customers. In 2020, 812 participants took part in our trainings.

Petrol has a full Family Friendly Enterprise certificate.

Petrol volunteers and humanitarian projects

For the ninth year in a row, Petrol staff carried out corporate volunteering campaigns. This time, in the spirit of sustainability and self-sufficiency, we focused on campaigns in nature, i.e. landscaping and planting indigenous trees, shrubs and seedlings of vegetables and herbs. As many as 55 Petrol volunteers arranged the surroundings of a kindergarten, the garden of an elderly person in need of help, the zoo, a school, a castle, a "fairy-tale land" and a river embankment as part of seven campaigns across Slovenia. In the humanitarian campaign, we collected some disinfectants and masks for children. In the summer humanitarian campaign called "Become Petrol's School Friend", we succeeded in providing the Moste – Polje Association of Friends of Youth with no fewer than 61 school bags filled with supplies for children from socially disadvantaged families with the help of our generous employees.

Measures to facilitate the reconciliation of work and family responsibilities include a gift package for newborns, organisation of the open-house event in the office building during the autumn holidays and a one-week active summer holiday outdoors. As these social activities could not be organised in 2020, we substituted them with a theatre performance for children, a stand-up comedy for the whole family and Petrol's Remote Santa.

With Open Space we create new ways of developing individuals and the Company

The concept of Open Space and its various events give all employees the opportunity to grow personally and connect with colleagues in order to contribute to the sustainable development of the Company.

Until March, employees had the opportunity to attend so-called brain fitness exercises and drive an electric vehicle from our fleet to gain first experience, make better use of these cars and promote e-mobility. During the first wave of the coronavirus, some employees were furloughed, and during this period we communicated more about the importance of mental health, maintaining vitality and optimism.

The epidemic put a stop to all live events for employees and led to digital channels to be used for learning for work, training and connecting. During the spring wave of the epidemic, we carried out a 40-day quarantine project called "Do you accept the challenge at home?", communicating short motivational messages through which employees were directed towards enjoyable activities.

After the first wave of the coronavirus, we reopened remotely the Open Space with a basic focus on 4 pillars: transfer of current information through round tables; health care; sustainable development and innovation; acquiring new knowledge and skills. Online events, webinars and remote workshops have become the new reality of our collaboration and learning. The advantage is that the recordings of events are available for viewing later, creating a rich library of interesting content, from mindfulness, team psychology and exercise in the workplace to conversations with authors of current books on climate change, equality and diversity, and more.

Healthy at Petrol

Health is our most valuable asset. Maintaining health, well-being and physical and mental balance requires constant attention.

Staying healthy is a valuable investment both for the individual and for the company. With this in mind, Petrol set up the Healthy at Petrol programme some years ago, which is primarily aimed at promoting a healthy lifestyle and getting all generations of staff to take a more active role in maintaining their own health.

We take care of the good health and interpersonal relationships of employees through various activities – sports days, social and cultural events, holidays, preventive programmes, education and training, one-on-one counselling with experts, various preventive tests, all-day and afternoon sports challenges, by placing posters in our work environments and through in-depth communication via electronic and printed internal media.

At the end of 2019, we revised the Healthy at Petrol strategy on the basis of an extensive analysis, which involved analysing staff sick leave over a six-year period and occupational health reports following preliminary and periodic check-ups. We included the opinions and wishes of the employees, which were communicated to us as part of a staff survey. The following areas in particular proved to be priorities for planning measures to promote employee health:

- · physical health, where we pay special attention to the prevention and management of injuries and diseases of the musculoskeletal system;
- healthy eating, with the leading theme "Eating habits" and with an emphasis on a balanced and safe diet:
- · activities in the field of mental health also constitute an important pillar of the programme.

All three pillars are connected by seasonal activities, where we focus primarily on the prevention of respiratory infections and other seasonal viral diseases as well as on appropriate preparation for various sports activities (skiing and cross-country skiing, hiking, cycling, running, etc.) to which a large portion of the injuries or diseases detected in the performed analyses can be attributed.

Healthy at Petrol programmes in 2020

To be able to reach every single employee through the workplace health promotion programme, we used very diverse implementation methods also in 2020. In January and February 2020, we intensively launched programmes, including training, counselling, body composition measurements, the installation of hand sanitiser dispensers in workplaces, awareness raising through posters and in-depth communication in internal media, and since the end of 2019, we have also focused on preventing seasonal infections. Due to the circumstances arising with the epidemic in the second half of March 2020, some activities practically stopped or were carried out to a very limited extent until the summer. The bulk of activities during this time was dedicated to the preparation and communication of measures to prevent the spread of the coronavirus and to ensuring our utmost safety.

In the autumn, "Healthy at Petrol" programmes were moved to the online platform, where they were further implemented more proactively. The impact of the current situation required additional psychological and physical adaptations from the employees as well as their family members. In a situation of uncertainty, anxiety and concern, when work from home caught us unprepared, we focused mainly on relaxation techniques, organised active breaks for regeneration and relief of the spine and the musculoskeletal system, and also organised laughter evenings for adults and children.

A survey on well-being during the coronavirus was conducted among employees in Slovenia last year, based on which we changed the priorities of the key pillars of the "Healthy at Petrol" programme. In 2021 we are therefore focusing more on mental health, anxiety, insecurity and stress control. In December 2020, we started a project of free psychological help, which will be available to employees and their family members next year as well.

The most important programmes in 2020:

- In 2020 we organised one-on-one counselling for employees with a physiotherapist, kinesiologist, general practitioner and occupational health doctor. The counselling was attended by over 80 employees: at the beginning of the year in person, then through the Teams app;
- We also prepared one-on-one counselling for practising relaxation techniques, which 47 employees opted for, and since December 2020, we have been providing one-on-one counselling or free psychological support, available to employees 24 hours a day;
- In the Open Space we hosted experts in various health fields and healthy lifestyle. We addressed topics such as: how to recognise a cardiac arrest what is the right course of action and how to act quickly, healthy eyesight in the workplace, brain fitness, mindfulness at work, the use of a reflex ball, how to protect oneself from viral infections, as well as nutrition with the topic "A meal should be more than just coffee";
- In the framework of the "Connected in Awareness Raising" programme we have so far demonstrated the importance and diversity of national programmes to our employees and performed various measurements, such as bone mineral density measurements, which were attended by nearly 400 employees in 2019 and 2020. In February 2020, we successfully performed the first body composition measurement fat, muscle mass, water in the body, metabolic age,

- etc., which included an interpretation of measurement results and brief one-on-one counselling. Since the programme requires physical presence, its implementation will continue when conditions are more favourable;
- As part of the training programme, we continued implementing the "Health of the spine and the musculoskeletal system – sedentary work" training, which has so far involved over 800 employees. An upgrade of this programme is being prepared for working in a standing position and heavy physical work, which will be designed for employees in sales and other jobs in the field:
- In March 2020, several training sessions were conducted on the prevention of transmission
 of viral infections, in the course of which we used an UV marker and Blue Box to check how
 successful or thorough our hand-washing and sanitising technique is. Since the situation did
 not allow physical contact, we made a video, which is available on our portal at all times;
- We prepared a series of posters to prevent the transmission of coronavirus infection and put them up in our work environment. The posters were created for the safety of our employees as well as visitors to our points of sale and business premises;
- · Important content about healthy lifestyle and coping with the epidemic in Petrol was promptly and continuously communicated through internal electronic and printed media (e.g. "Med nami", "e-magazine", printed newsletter);
- We continued to promote a short active break at work to relieve the spine and joints after prolonged sitting, standing or repetitive movements during heavy physical work, which has a beneficial effect on our well-being and boosts efficiency;
- From January to the beginning of March 2020, organised exercises were carried out every day during a short active break at work. As of April, the exercises have been available to all employees on the online platform.

Do you accept the sports challenge?

Like most other events, the 4th season of Petrol's sports and recreation programme was thwarted by the epidemic. The Do You Accept the Challenge? programme would normally be comprised of a series of 10 day-long events over a period of one year (10 months, 10 Saturdays, 10 sports challenges) each with a challenge in a different sports discipline. The events are adapted to all employee age groups and some are also open to our employees' family members. The primary objective, however, is to become familiar with different sports and to socialise with colleagues in an informal setting. We also strive to disperse the events across Slovenia in order to enable the participation of as many employees as possible. In 2020 we managed to carry out only one major event, i.e. curling, namely in January 2020. In addition to all-day events, "Do you accept the challenge?" also consists of "mini" sports challenges, which are shorter events taking place during the week. On week days in January 2020, we tried our hand at sports shooting and in February 2020, we undertook a slightly different form of "wall volleyball". A total of 40 people attended the "Do you accept the challenge?" sports events.

Even though the "Do you accept the challenge?" events were discontinued, we did not stop there. During the school summer holidays, we encouraged employees to climb some of Slovenia's peaks as part of the "Petrol staff conquers peaks" campaign. Employees and their family members proved their achievements by stamping cards; we received 70 stamped cards. An employee was considered to have completed the challenge, if they conquered 3 summits. The challenge was accepted by 60 employees, who climbed a total of 320 peaks in 69 days.

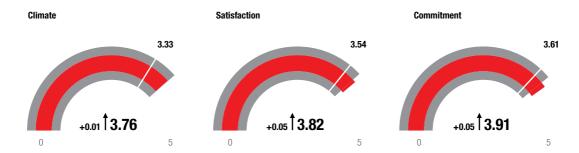
Organisational climate, satisfaction and commitment of Petrol Group employees

Satisfied employees are the key to success.

Based on regular measurements of organisational climate, satisfaction and commitment of employees we carry out numerous activities to create an environment in which staff feel well and can develop their potential. The survey is a powerful tool that has been helping us to systematically identify our own strengths and areas for improvement since 2001. It is carried out every two years and involves all Petrol Group employees.

Ten Petrol Group companies are included in the survey. In 2020, 3,246 employees, or 70 percent, submitted their scores and comments. As in the previous years, we are pleased to say good results were achieved. The organisational climate remains stable. The comparison of the results with other companies in Slovenia shows that we are much more satisfied than the average employee of other Slovene companies. In 2020 we improved internal cooperation and employee relations; our employees are proud to be part of Petrol and are committed to quality. Internal knowledge transfer is an important value of the Company. Since 2010 we have been monitoring the commitment of our employees, since 2017 their agility, and since 2018 also the perception of equality. The share of actively non-committed employees has been declining for several years, and in 2020 it fell by an additional 3 percent. This has considerably improved the so-called macro-indicator of the organisation's internal stability.

ORGANISATIONAL CLIMATE, SATISFACTION AND COMMITMENT OF PETROL GROUP EMPLOYEES



Internal communication and bringing people together

Developing and communicating a corporate culture of sustainability in relation to employees, services and the reputation of the Petrol brand as a sustainable and innovative energy company involves communicating the culture of work, organisational change and transformation of activities. At Petrol, which is an attractive employer, the above encompasses developing and communicating workplace well-being programmes for fostering relationships between a good leader and connected and cooperative employees. It also relates to programmes that build good communication and atmosphere in work environments where employees feel valued, involved and proud to work at Petrol.

In 2020 we carried out a year-round communication campaign called My Compass to strengthen the knowledge and understanding of how to live Petrol's values. As part of internal communication in the area of employer branding, we presented the stories of our employees again in 2020 to consolidate the Company's organisational culture, showcase jobs, networking stories and the stories behind the different faces and accomplishments. We also shared tips from our internal coaches and stories of creativity through staff profiles. Creativity was also boosted through internal contests, stories of courage and bringing people together. Petrol's newsletters gave extensive coverage to the topics of employee development through the presentation of managerial, organisational, process and business change. We have communicated extensively and intensively about all the changes brought about by the epidemic: from measures to prevent the spread of the virus to teleworking.

Occupational safety and preventive medical check-ups

In the Petrol Group, we realise that occupational safety and health, in addition to their main purpose, also ensure the satisfaction of employees. That is why we strive constantly and systematically to reduce the level of risk arising from working processes by introducing appropriate organisational and security measures. Although the working environment is changing owing to the development and introduction of new technologies and procedures, Petrol successfully keeps up with the changes. We look for solutions that are healthier and safer for our employees. All companies of the Petrol Group have adopted safety declarations with risk assessment. The latest findings in occupational safety and health are integrated into new processes and projects. In addition, we monitor the risks related to the occurrence of accidents and injuries. The risks are assessed periodically and, through safety measures, maintained at an acceptable level. A priority in the advancement of occupational safety and health is the reduction of risks at highly exposed workplaces and seeking links with other areas of safety, in particular fire safety, environmental protection and chemical safety.

The programme of preventive medical check-ups includes all staff. Particular attention is devoted to co-workers with reduced working capacity.

Considerable attention is paid also to the theoretical and practical training of employees in occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals, safe transport of hazardous goods and first aid.

CUSTOMER SATISFACTION

Satisfaction is an emotional reaction that occurs when a need is satisfied. However, it is very important how this need was satisfied. It is even better if the need is satisfied in a way that exceeds our expectations.

Satisfaction therefore arises only when consumer expectations are met. These are formed prior to purchase, when the consumer is still collecting information while already imagining how the purchased service or product will satisfy their need. Only general satisfaction and repeatedly exceeded consumer expectation provide the basis for long-term customer loyalty. Expectations are created on the basis of past experience, they change, grow with success, they might be realistic, subjective or idealistic.

Petrol applies various methods to closely monitor all phases of the purchasing process at individual points of contact with the customer. We also regularly check the expectations and preferences of customers, both our existing ones and those of our competitors. We use the information obtained from customers to improve our offer and services on a regular basis.

Not only do we want to fulfil the expectations of our customers, we want to exceed them.

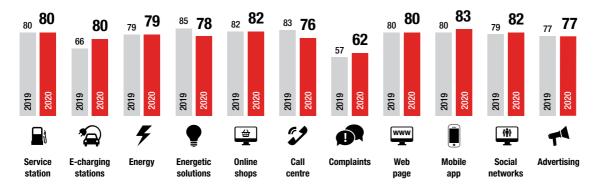
What is a great user experience?

In addition to the quality and price of the product or service, customer satisfaction is also influenced by other factors:

- · tidiness of points of sale (including toilets);
- · responsiveness and the method of solving customers' problems/questions;
- · simplicity and functioning of applications, devices;
- · friendly and professional staff (salespeople, agents).

All the stated factors, if they meet and exceed customer expectations, are components of an excellent user experience, which is one of our strategic foundations and sources of future growth.

2020: THE BEST EXPERIENCE WAS DIGITAL



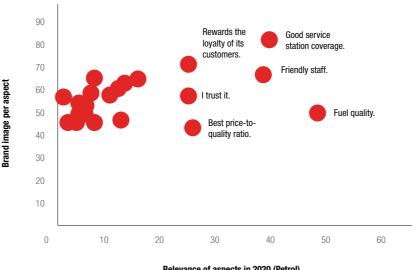
Source: Petrol Satisfaction Survey 2020, n = 1,010

In our annual retail customer satisfaction survey, we check how well are we meeting our customers' expectations as regards key common points from various aspects, also when compared to our rivals. The 2020 survey results indicate that Petrol's customers gave the highest score to their experience with the functioning of mobile apps, our online shop and social networks.

Petrol is known for its financial performance, user experience and wide range of products and services

As mentioned earlier, customer expectations begin to form in the pre-purchase phase, by gathering information. Customer experience and opinions, along with marketing communication, shape the image of a brand. The saying "A good name is better than riches" is often one of the key criteria in selecting a provider of a particular service or product.

Through regular surveys such as Brand Strength and Reputation, we are checking the position of the umbrella brand as well as positioning in various product groups. Based on the collected data, we identify changes in consumer expectations and opportunities to improve our business.

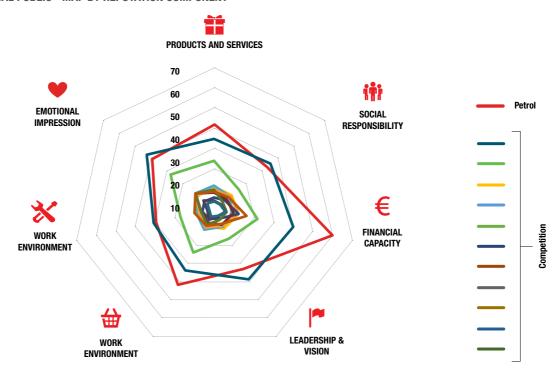


Relevance of aspects in 2020 (Petrol)

Source: Brand Strength Survey 2020, general public, n = 1,028

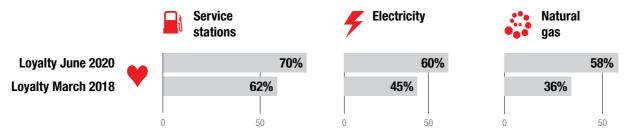
Among energy companies in Slovenia, Petrol is recognised as a company boasting excellent financial performance, good user experience and a wide range of products and services. The new strategy outlines a clear vision with a commitment to sustainable development and social responsibility, which will also have a major impact on the emotional impression and work environment.

REPUTATION GENERAL PUBLIC - MAP BY REPUTATION COMPONENT



Source: Brand Image Survey 2020, general public, n = 1,000

Compared to the measurement in 2018, the loyalty of Petrol's retail customers increased in all three major segments (service stations, electricity and natural gas). No major shift has been recorded in business users this year.



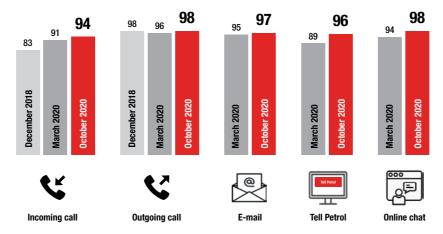
Source: Brand Image Survey 2020, general public, n = 1,000



Source: Brand Image Survey 2020, professional public, n=300

The call centre increased satisfaction in all areas

In addition to physical points of sale (service stations), the Contact Centre is one of the key points of contact between Petrol and its customers. Therefore, in 2020, we decided to review the satisfaction of users with the services provided twice a year. The results confirmed greater satisfaction in all areas examined.



Source: Survey of Satisfaction with Petrol's Call Centre, October 2020, n = 798

Members of the Petrol survey panel answered questions on 35 topics

Petrol's survey panel has been active for three years. Our community comprises almost 4,000 members, who have worked with us on 35 development topics during this time. In 2020 they helped us deepen our understanding of user habits and expectations in 13 areas: Coffee-to-go, On the Go app, ski pass sales and other Petrol Ticketing services as well as eShop, sales of heating oil, pellets and briquettes, e-invoices and mBills services. We also considered the use of digital communication tools, nozzle advertising and advertising on social networks.

PETROL'S SURVEY PANEL IN THE FIRST HALF OF 2020: CORONAVIRUS, FUELLING, ONLINE PURCHASES



During the epidemic, you let us know that we can make your everyday life easier by offering you products for your home online. We therefore **added flour, pasta, coffee and much more** to our range.



of the panellists **used the Na poti (On the Go) mobile app on a regular basis** at the beginning of the year. As the epidemic emerged, this number rose sharply.



of the panellists **associate Petrol with fuel.** The Na poti (On the Go) mobile app gives you access to the much-desired automated fuel dispensing.



of the panellists buy **products from the Petrol Club catalogue.** You give preference to products for the home, garden and car as well as to multimedia and technology.



of the respondents consider the selection of our **relaxation and adventure packages** as the most important part of the Petrol Club catalogue.



of the panellists asked for the Petrol Club catalogue to be delivered also by e-mail. This summer, your request was fulfilled.



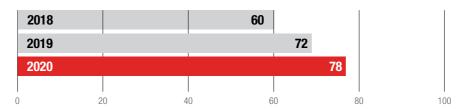
of the panellists **regularly enjoy the flavours of our Coffee-to-Go range.** Based on your wishes, we introduced decaffeinated coffee and lactose-free iced coffee.

Source: https://www.petrol.si/znanje-in-podpora/2020/clanki/petrol-panelisti-v-prvi-polovici-2020.html

We monitor and respond to customer comments on a daily basis

We have been measuring transaction satisfaction for three years using the internationally established NPS (Net Promoter Score) index. It enables us to monitor and respond to customer feedback on a daily basis on all key channels of Petrol – the entire retail network, TipStop Vianor service workshops, the call centre and customer support, the Petrol Energy Centre and online shop, where customers give their score after purchase and after picking up a parcel at the service station. In 2020 we received more than 44.5 thousand ratings.

TNPS RETAIL SCORE BY YEAR



Source: Transaction Satisfaction (TNPS), January - December 2020, n = 44,500

Customers give their rating via a survey which is displayed as they complete the purchase in eShop, sent to them by e-mail, via SMS, or they use a rating form by entering the code indicated on their receipt. Petrol thus enables customers to immediately provide feedback on satisfaction with products, services or processes on a particular channel, and at the same time it can respond quickly and eliminate any problems.

Petrol's NPS index, calculated on the basis of received ratings, is higher every year as far as the retail network is concerned. In 2020 it was 78, which is 6 points more than in 2019. As many as 83 percent of the comments represent commendations, which refer mainly to the friendliness and helpfulness of staff at service stations. The total NPS rating of the call centre, gauged since February 2020, is also high, i.e. 76.

We test, upgrade and innovate directly with customers

We perform various systematic qualitative measurements, such as focus groups, in-depth interviews with customers and testing of new offers and services. We are aware that today the market is changing rapidly and that our customers are increasingly demanding, which is why we do our best to try out and test all the generated business ideas in the market, with real customers, as quickly as possible. In addition, we use the feedback we receive from a variety of sources to improve the user experience with business models and processes that are already live in the market – all in order to respond as close as possible to the needs and wishes of users of our solutions. The best results are achieved when the wishes and needs of customers have already been addressed and the actual customers were invited to co-shape these solutions at the earliest stage of development.

This kind of agile mindset and approaches to innovation and re-innovation have resulted in the modification and upgrade of more than 10 business models. Among other things, improvements have been made in ordering heating oil, the complaint handling process, the purchase of Petrol home solar energy system, e-vehicle operating leases, queues at service stations, ordering food and drinks from the Fresh range delivered to seats at the European Volleyball Championship, etc.

Solutions that facilitate work processes also have a positive impact on customer satisfaction.

The satisfaction of our customers also derives from the satisfaction of our employees. Consequently, solutions that facilitate work processes also have a positive impact on customer satisfaction. Bearing that in mind, we improved the internal information system in 2020 by rethinking circulars, through which the sales network is notified about the placement of promotional materials.

The new form adapted to a particular point of sale has simplified the placement of materials at individual locations.

Brand loyalty - Petrol Club

Despite the epidemiological situation in 2020, the number of Petrol Club members continued to grow, having increased by 6 percent compared to 2019. Due to the epidemic, one catalogue less was issued than in the previous years, but the sales figures regarding catalogue products and services were good. Gold points encourage the loyalty of our customers, who have embraced this opportunity for purchases at special prices. In 2020 Petrol Club members enjoyed a number of other bonuses in the form of discounts and other benefits.

As part of the management of the Petrol Club, we focused in 2020 mainly on process optimisation, improving data quality, the speed of obtaining benefits and attracting new members, and on putting together a range that is tailored to the individual user. An important activity that marked Petrol Club operations in Slovenia during the period concerned was the change of the General Terms and Conditions, which brings new benefits to members, including simpler and faster participation in prize games, to name just one of the major ones. At the end of the year, the Petrol Club thus carried out two major prize contests for Petrol Electricity and a new annual vignette with a prize fund of EUR 20 thousand. We will continue this activity in the future.

In the last quarter of 2020, the Petrol Club was expanded to the Croatian market and the first Croatian Petrol Club catalogue was published. By the end of the year, over 10 thousand members had already joined the Croatian Petrol Club. A fully modernised and digitally supported enrolment process was further enhanced with a tailored and expanded On the Go app. Today, the Petrol Club user experience in Slovenia and Croatia is friendly, straightforward and uniform.

Petrol's Call Centre: 080 22 66

Petrol customer support and Call Centre

Petrol's Call Centre plays an important role in our communication with customers. It offers them all the key information about Petrol's product and service range in one place, be it fuel, energy, Petrol cards, loyalty scheme, 'Petrol eShop' online shop or environmental solutions. We provide professional and personalised advice on available energy solutions for the home, and offer the option of remote signing of contracts or purchase of various products. Contract conclusion, including signing, can be fully digitalised, which is of particular importance in the time of the epidemic. In 2020 we also worked hard on modernising support for our customers in Croatia. The outbreak of the epidemic has affected our work as well. However, we quickly adapted work processes and methods to the changed situation, with the aim of always being available to our customers despite the epidemic.

Call Centre per month: 40 thousand calls and 11.5 thousand customer messages (on average).

Customer claims and complaints handling

Expectations are closely related to the quality of products and services and, as such, they are an important factor in customer satisfaction. High-quality products and services are one of our principal business commitments, which is why we handle each case of customer dissatisfaction with great care. We realise that an efficient claims and complaints handling system is an important factor, which has a positive long-term impact on the satisfaction and loyalty of our customers and, consequently, on the Company's image and reputation. We have set up a single claims recording and handling system covering all communication channels to be able to resolve various complaints in an efficient and customer-friendly manner. In the Petrol Group, claims and complaints are a valuable source of information about customer satisfaction, and their efficient resolution is

part of a comprehensive service that does not end with the purchase of a product or service. Claims and complaints are reviewed systematically. Based on findings, measures are introduced to improve the quality of our processes in practice and increase the satisfaction of our customers. In 2020 the number of customer claims and complaints decreased by over 20 percent, and we also improved the resolution time. Using analysis and research, a project was continued in 2020 to further develop a more efficient handling of claims. We set up a customer assistance centre to provide for an efficient handling of complaints and we also updated information support.

QUALITY CONTROL

Quality and excellence are an integral part of Petrol's strategy, which is why we are constantly upgrading and expanding our quality management systems. The company Petrol has thus certified its quality management system (ISO 9001), environmental management system (ISO 14001) and energy management system (ISO 50001). In addition to the certified systems, the Company's comprehensive quality management system incorporates the requirements of the HACCP food safety management system, of the ISO 45001 occupational health and safety system and of the ISO 27001 information security system. The company Petrol has a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia, an FSC certificate for the sale of FSC-certified products, and an ISCC certificate for trading and storage of renewable energy sources.

In the Petrol Group, ensuring maximum quality in a fundamental principle of our operations. Thanks to our specialist services and support, we have built up and maintained the status of being a leading petroleum organisation in Slovenia, which has an important impact also on the development and introduction of new technologically most advanced fuels to the Slovene market. Petrol Laboratory, which is accredited to the SIST EN ISO/IEC 17025:2017 standard (General requirements for the competence of testing and calibration laboratories), has an important role in this process. In 2020 Petrol Laboratory successfully transitioned to the new edition of the SIST EN ISO/IEC 17025:2017 standard, meeting its requirements. At the end of the year, Petrol Laboratory had 54 accredited test methods for petroleum product testing.

Operating as part of Petrol, there is also an inspection body, which is accredited to the SIST EN ISO/IEC 17020: 2012 standard (General criteria for the operation of various types of bodies performing inspection) and has 20 accredited test methods for the inspection of flow and tyre pressure measuring devices, of pressure equipment, of tightness of fixed steel reservoirs, of wall thickness of liquid fuel reservoirs, of the measurement of dielectric strength of liquid fuel reservoir insulation and of the measurement of noise in the natural and living environment. Quality management systems are maintained also at our subsidiaries.

OVERVIEW OF CERTIFICATES AND ACCREDITATIONS

Company	Quality management system	Environmental management system	Energy management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001:2015	ISO 14001:2015	ISO 50001:2011	SIST EN ISO/IEC 17025:2017, SIST EN ISO/IEC 17020:2012	ISCC, AE0***, RC,* FSC**
Petrol, d. o. o.	ISO 9001:2015	ISO 14001:2015	/	/	ADR/RID/ADN-I-PTR****
Petrol Geo, d. o. o.	ISO 9001:2015	/	/	/	/
Beogas, d. o. o.	ISO 9001:2015	/	/	/	/
Petrol, d. o. o., Beograd	ISO 9001:2015	ISO 14001:2015	/	/	EN 45001

^{**} Based on the Report on the implementation of the Responsible Care Global Charter commitments, Petrol d.d., Ljubljana became a holder of a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia and granted the right to use the initiative's logo.

^{**} Petrol d.d., Ljubljana is a holder of an FSC certificate for the production of wood chips used for heat generation. The FSC certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

*** The AEO certificate is issued by the Customs Administration of the Republic of Slovenia which also carries out control and inspects AEO certificate holders. The certificate allows for easier admittance to customs simplifications, fewer physical and document-based controls, priority treatment in case of control, a possibility to request a specific place for such controls and a possibility of prior notification. To obtain an AEO certificate, several conditions and criteria need to be met: compliance with security and safety standards, a propriate records to demonstrate compliance with customs requirements, a reliable system of keeping commercial and transport records for control purposes, and proof of financial solvency.

financial solvency.

**** Certificate to carry out an in-house inspection service for the performance of pressure receptacle inspections in accordance with Directive 2010/35/EU. Petrol d.o.o. is an IS body under the authority of the notified body Bureau Veritas Italia for the purpose of carrying out periodic inspections of pressure receptacles defined in accordance with chapter 6.2 of ADR/RID/ADN.

Q Max – Accompanying you for 10 years

In 2020 the Q Max brand remained the mainstay of Petrol's fuel quality. Ten years have passed since it was launched. The advanced design of all Petrol Q Max fuels featuring state-of-the-art additives provides flawless operation of engine parts and filter cleanliness even in the most challenging operating conditions. Compliance with the strictest European environmental protection standards translates into better combustion with fewer emissions.

The high quality of Q Max fuels is also assured by a complex and expert-based fuel quality control system, attested by a number of international certificates and accreditations. The central part of quality assurance is Petrol's oil laboratory, an independent institution that acts as Slovenia's main oil laboratory, controlling the quality of Q Max fuels at all points in the supply and sales chain.

To reduce the carbon footprint, we are constantly developing and renovating the additives that we add to Q Max fuels. For quite some time, petroleum fuels will remain an important energy source in transport, of course adapted to new trends and above all to new environmental requirements. The renewed Q Max range pursues these goals.

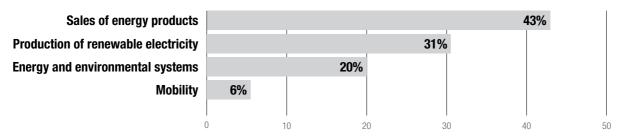
INVESTMENTS

In 2020 the bulk of our investment budget was allocated to the energy transformation, specifically to the production of renewable electricity, the expansion of energy and environmental solutions both in Slovenia and in SE Europe, the expansion of sales and to the upgrading and maintenance of logistics capacities in Slovenia.

Due to the pandemic, the investments to be made in 2020 were temporarily limited to the most urgent ones that were necessary to ensure smooth and secure operations. The Petrol Group took decisions about the remaining investments depending on the development of business conditions.

In 2020, net investments in property, plant and equipment, intangible assets and long-term investments stood at EUR 85.4 million as compared to EUR 124.4 million in 2019.

BREAKDOWN OF THE PETROL GROUP'S INVESTMENTS IN 2020



Sales of energy products

In Slovenia, the investments were carried out by taking into account the development of the epidemiological situation. In 2020 a new service station was constructed in Litija. Several shops and bars were refurbished, as were a number of car washes. Due to the pandemic, all points of sale were equipped with suitable protection in a very short period of time. The process of acquiring land, preparing documentation and obtaining building permits for construction work scheduled to begin in 2021 was also underway.

At points of sale, Tip Stop Vianor garages and storage facilities we upgraded equipment, carried out repairs and renovations, invested in environmental protection and in the security of buildings.

In 2020 significant attention was placed on maintenance, security and upgrading of storage capacity. Most of the funds were allocated to the upgrading of the Sermin petroleum products storage. We constructed four biodiesel storage tanks together with the accompanying installations and equipment for the offloading of biodiesel from rail and road tankers and for the dispensing of biodiesel in the rail and road tanker filling station. We reconstructed the hydrant system along the section from the Terminal's entrance to the rail tanker filling station.

In SE Europe markets, we carried out repairs and renovations, and began the construction of a restaurant at a service station in Belgrade. We acquired the remaining interest in the company Petrol LPG d.o.o.

We carried out a number of activities to maintain the ISO 50001 certificate, completing an external assessment and obtaining recertification. The use of modern information technologies is a major factor in successful operations. We thus continued to invest in the development of the information system and in the new ERP system in 2020.

Investments in the energy transformation are an important part of Petrol's development strategy.

Production of renewable electricity

The largest single investment in 2020 was the construction of the Ljubač wind farm in Croatia. It will provide green energy to 20 thousand average households, with 9 wind turbines generating around 96 GWh of electricity annually. The wind farm will become operational in 2021.

Energy and environmental systems

Energy and environmental solutions account for the largest part of investments in the area of energy and environmental systems. In 2020 we carried out several energy renovations of buildings. The largest projects took place in Brežice, Maribor and Ljubljana. In Slovenia, we carried out the renovation of public lighting in Izola, and completed projects in Podbabje and Zagvoz in Croatia. In Serbia, we carried out public lighting projects in Vrbas and Priboj. To ensure compliance with the legal requirements of municipal wastewater treatment, we upgraded and refurbished several municipal waste treatment plants. Three points of sale were connected to the public sewage system and two small treatment plants were installed in the case of two other points of sale. In addition, investments were made in the expansion of the gas network in Slovenia, Serbia and Croatia.

Mobility

In 2020 we again focused on the development of new solutions in the field of electric mobility and mobility services. We invested in the charging infrastructure for electric vehicles and also in motor vehicles for the purpose of providing mobility services.

INFORMATION TECHNOLOGY

Information function that is well integrated in all parts of the business process is a prerequisite for successful operation in the modern world. The Petrol Group pays a lot of attention to this. Digital transformation and continuous improvement in this area have proven to be crucial upon the onset of the Covid-19 pandemic as well.

Main projects in 2020:

- Response to the pandemic the occurrence of the pandemic has affected our well-established business also in the field of IT. The first challenge we faced was the transition to working from home. We responded very quickly, made use of computers in stock and within a few days set up suitable conditions for working from home in all companies of the Petrol Group. The fact that Petrol has been on the digital transformation journey for several years has helped us in this. As a result, we already had extensive experience when the pandemic emerged in March 2020, and we were able to provide all the necessary conditions for working from home wherever it was needed. Some staff members, unused to digital tools thus far, have adapted to the new method of working in an extremely short time, so that work processes have not been significantly disrupted because of the epidemic. The new situation, which made working from home necessary during the first wave of the Covid-19 pandemic, provided further encouragement for a greater use of tools for teamwork and video conference meetings. Thus, we made a big step towards the digital transformation of interaction and paperless business. The new way of working was safe, in compliance with the rules of information security. For some time now, Petrol has had information security rules in place, which among other things define safe working from home, provided by VPN channels, multifactor authentication and other relevant mechanisms to ensure an appropriate level of information security.
- Introduction of new ERP and other key information solutions we continued the well-executed work in 2019 and successfully introduced SAP in Petrol d.o.o., Zagreb at the start of 2020. In 2020 intensive work was devoted to preparing the expansion of the use of SAP in other companies of the Petrol Group, which is expected to be completed in 2021. The Tango technical information system remains our platform for control, management and analysis in the management of individual buildings, cities and in industry. In 2020 we further strengthened the development team in order to develop and introduce additional functionalities for our customers even faster.

In the autumn, we launched the new information solution CUPEP, designed for the management of charging points for electric vehicles, and at the same time, we also redesigned the mobile application for end users. Mobility services are becoming increasingly important and the new solution represents another step forward, providing our customers with an excellent and friendly service.

We have also taken some important steps in renovating our online shop. We will complete the work in 2021 and offer our customers a completely revamped, modern solution.

• We continue the digital transformation – the digital transformation of business, pursued for some time, has increased with the appearance of the pandemic. We made some significant changes to work organisation, cooperation and communication, and started fully utilising Office 365 capacity. Everyone at Petrol has become familiar with the Teams tool and nearly all meetings are virtual, whereas notes, important files, e-mails and everything else needed for work is available to all employees at any time and from every place. The decision to roll out this service a few years ago proved to be excellent in this situation, allowing the work to progress smoothly.

Much has been accomplished in terms of digitisation of internal documentation and related processes (documentation at service stations, introduction of electronic contract approval and support for digital signing), and we are thus increasingly benefiting from our new document management system.

In the autumn, we introduced the Petrol Club in Croatia, including full support for loyalty. The process is digital for the most part.

The NaPoti (On the Go) mobile app, enabling cashless fuel payments instead of making payment to the cashier, has become even more popular as the pandemic emerged. In 2020 the On the Go app was upgraded with a number of features and launched in Croatia as well.

- We ensure information security in everything we do in early 2020 we obtained the PCI DSS certificate, which proves that Petrol's POS system complies with the PCI DSS standard. The certificate confirms the security of our own POS solution, which on the one hand testifies to the quality, giving customers assurance that we properly keep their data secure, and at the same time brings Petrol business and technological advantages, as it is the only company holding this certificate in the region. We have completed the implementation of a secure two-step login to the Petrol Group's information system, thus ensuring a very high level of security. Regular security activities comprise external security inspections of individual sets of Petrol's information support, regular training and awareness-raising for users (e-learning, workshops with managers, targeted social engineering campaigns, etc.).
- We renovate, improve, optimise improvements and upgrades of all processes are a constant at Petrol. We introduced asynchronous communication into our microservice architecture, developed a number of new APIs and used them to support new business needs (new means of payment, new partners), renovated many existing integrations and added several new ones, thus improving communication and speed of process involving our partners, as well as continuing the technological renewal of our eMA solution, which supports sales at all Petrol points of sale. We made a number of upgrades and improvements to existing solutions, of which special mention should be made of the introduction of the new analytical platform Databricks, through which we tackle optimisation problems with machine learning and artificial intelligence. We expanded the use of the Jira tool and through this solution supported many additional processes (implementation of various projects, support for audit measures).

PROTECTION OF THE ENVIRONMENT

Caring for the environment is integrated into all aspects of the Petrol Group's operation, as demonstrated by our ISO 14001:2015 certificate. When developing business processes, along with new products and services, we always comply with all environmental regulations, introduce products and services that are friendlier on the environment and pay attention to efficient energy consumption. We use our compliance assurance system to monitor and implement regulations and get involved in their preparation. The environmental management system is defined using organisational acts on environmental management. The Petrol Group implements its processes in such a way that they affect the environment as little as possible. We identify the environmental aspects of our activities by taking into account the usual and extraordinary operating requirements as well as exceptional circumstances, if such exist.

Emissions to air

In the Petrol Group, caring for the quality of air stands chiefly for efforts to reduce the emissions of volatile hydrocarbons on an ongoing basis. It also stands for measures to reduce the emissions of ozone-depleting substances and fluorinated greenhouse gases and measures to reduce emissions resulting from heating.

The emissions of volatile hydrocarbons occur due to evaporation during decanting and storage of fuel. At Petrol, the process of reducing volatile hydrocarbon emissions is part of all three key elements of the petroleum products distribution chain: storage, transport and sales.

At service stations and fuel storage facilities, Petrol has installed systems for closed loading of storage tanks. In addition, we make sure to install state-of-the-art cooling, air conditioning and heating systems and devices. The efficiency of emissions management is ensured through regular inspections by authorised operators and regular monitoring of emissions to air.

Noise emissions

Petrol carries out operational monitoring and professional assessment of noise pollution in individual areas to be able to reduce the nuisance through noise and implement certain measures for it to go down. These activities are carried out in accordance with the Decree on Limit Values for Environment Noise Indicators and by creating a 3D model which takes into account the characteristics of a site: its location, land development, landform and infrastructural characteristics, etc.

Wastewater

Petrol's operations currently involve three categories of wastewater: rainwater, sewage water and industrial wastewater. Rainwater which comes into contact with functional circulation areas is collected separately and purified in oil and water separators. Sewage water is handled in three ways. In built-up areas, it is channelled into a local sewage network. Where connection to a sewage network is not available, small treatment plants are installed. Some sites, however, still use cesspits, which are maintained on a regular basis. At these sites, cesspits are being discontinued according to schedule. For small treatment plants to function efficiently, the choice of the wastewater purification technology is vital, as are regular professional monitoring of their operation and their management. Industrial water is treated in state-of-the-art industrial treatment plants.

We have obtained environmental permits for all emissions to water that are regulated by law and we monitor them as legally required.

Waste management

Petrol's waste management strategy is about preventing the generation of waste and accelerating efficient separation of waste at source. Petrol's operations give rise to municipal waste, non-hazardous non-municipal waste (paper, cardboard and plastic packaging, biodegradable waste) and hazardous waste. All waste is collected separately. It is then passed on or handed over to authorised waste carriers. By promoting the separate collection of municipal waste, we reduce the volume of mixed municipal waste (relative to the volume of sales) which needs to be transferred to disposal sites, thus cutting down pollution and waste transport costs. We will continue to improve the waste separation system and introduce novel collection methods also in the coming years. When developing own-brand products, the aspect of final waste disposal and of the required packaging and its environmental impact are also taken into account.

Prevention of major accidents

Petrol d.d., Ljubljana operates seven facilities posing a minor or major risk to the environment (so-called SEVESO plants). In keeping with the Framework Safety and Security Policy, Major Accident Prevention Concept (Petrol's safety focus) and the Safety Management System, a number of activities laid down in environmental risk reduction concepts, safety reports and protection and rescue plans were carried out at the facilities in connection with major accident prevention and mitigation of their consequences. Our actions are chiefly geared towards ensuring that during the planning, construction, operation, maintenance, modification or shutdown of a facility every possible step is taken to prevent security incidents and major accidents and to minimise their impact. Delivering these commitments requires ongoing coordination between organisational units as well as consistency between legal obligations (legislation on the protection of the environment and water, on construction, on fire safety, on the protection against natural and other disasters), documentation and environmental permits issued.

Fire safety and anti-explosion protection are a very important aspect of safety at Petrol. They are ensured through both statutory and preventive safety measures to allow for business continuity and the protection of persons, environment and property. In accordance with protection and rescue plans, practical fire and evacuation drills were organised in October, the month of fire safety, in Petrol's office buildings, at service stations and at fuel storage facilities.

In 2020 particular attention was given to continued development of the Company's safety culture by organising training for employees, by introducing safety reminders, tips and guidelines as well as by introducing safety monitoring when dangerous works are carried out. More information about our environmental actions in 2020 will be presented in the Sustainability Report of the Petrol Group in June 2021.

SOCIAL RESPONSIBILITY

In the Petrol Group, we recognise the responsibility we have as one of the largest companies in Slovenia, which is why social responsibility is perceived as a lasting commitment to work together with the environment in which we operate. Supporting and assisting the social environment is closely linked to our long-term growth strategy. That is why our operations and social engagement also include caring for social and environmental issues. Consequently, we try to lend a hand when it comes to solving different social and other problems. In 2020 we also demonstrated our responsibility to the environment and local communities during the coronavirus pandemic, and through sponsorship and donation projects helped numerous humanitarian, cultural, sports and environmental projects, which in turn contribute to a healthier and more dynamic lifestyle and a higher quality of life. This proved to be crucial in particular during the epidemic.

Sponsorship

Petrol has been a major supporter of sport in Slovenia and in the region for a number of years. Through sponsorship, we contribute to the development of various sports disciplines and to the successes and development of Slovene athletes. We sponsor individuals, clubs, associations and sports events at the international and national levels. By supporting entities in the world of sports and arts, we strengthen our reputation and make our brands more visible.

Petrol has a traditional presence in winter sports. For a number of years, we have been supporting national teams in alpine skiing and biathlon in all age categories through the Ski Association of Slovenia and also one of our best snowboarders. In all these disciplines, we are personal sponsors of the best and most promising athletes, including Žan Kranjec, Jakov Fak, Žan Košir and the young Alex Cisar and Anja Drev. We also traditionally support the men's alpine skiing competition, the Vitranc Cup, the biathlon world cup competition in Pokljuka, and the snowboarding world cup competition in Rogla. In 2020, events such as the National Alpine Skiing Championship of all categories at Krvavec and the World Cup slalom and giant slalom races at Vitranc were mostly cancelled due to the epidemic. However, the Biathlon World Cup race was held in Pokljuka, which was the last major competition in Slovenia in 2020.

After winter, it is athletes in group sports that become more active. Despite cancelled or partly postponed national and European competitions in various sports disciplines, we remained loyal to many individuals, clubs and associations. Thus, we continued cooperation with the Basketball Association of Slovenia and Slovenia's largest basketball club, Cedevita Olimpija. Likewise, we continued to support the Football Association of Slovenia, which, like the Basketball Association, managed to hold several matches with national teams competing. By sponsoring the Jesenice Hockey and Ice-Skating Club and the Jesenice Mladi Hockey and Ice-Skating Club, we were also present on the ice in a year that was not favourable to sports competitions.

With regard to individual sports, we promote the development of tennis and gymnastics as well as of athletes in these two areas, being the sponsor of the Slovene Tennis Association, which managed to complete all the national championships despite the epidemic, a personal sponsor of tennis players (Blaž Kavčič, Maša Viriant) and the sponsor of the Gymnastics Federation of Slovenia. Petrol is also particularly focused on automotive sport, through which we approach mainly professionals. In 2020 we continued our successful cooperation with Simon Marčič, Slovenia's only participant in the Dakar Rally, thus promoting development and successful results also in automotive sport.

The presence in many sports is rounded out by the sponsorship of the Olympic Committee of Slovenia, which was deprived of the pinnacle event due to the epidemic – the Olympic Games in Tokyo. These have been postponed to 2021 and hopefully will be carried out.

Through sponsorships, we made it possible for some smaller local clubs engaged in various sports to keep working and exist in 2020.

In addition to sports sponsorships, we take part in technical projects linked to various energy and environmental activities. As sponsor, we continued to support conferences, symposiums and

events on sustainable development, energy efficiency and e-mobility as well as conferences on management, marketing and public relations (Golden Stone, City as a Lab, Slovene Energy Managers' Days, Portorož Business Conference, Slovene Management Congress, Slovene Marketing Conference and others).

In the area of arts, we cooperate with the Ljubljana Festival and Lent Festival, and we also support cultural events taking place in Ljubljana City Theatre, Cankarjev Dom and Slovenia's other cultural institutions. In addition, we are involved in the area of entertainment shows, concerts and musicals, but they were largely cancelled in 2020

Humanitarian projects

Shared values and integrity connect Petrol's employees with the social environment. Part of our social footprint are corporate volunteering activities, which we have been nurturing for the ninth year and through which we give back to society through our volunteer work, knowledge and the collection of material aid. In 2020, 55 employees were directly involved in seven work campaigns as part of the Corporate Volunteering Week. Petrol contributed 110 work hours in these work campaigns, with volunteers contributing about 150 additional volunteer hours.

In 2020 we celebrated the tenth anniversary of participating in two charity projects. In cooperation with the Red Cross and the Blood Transfusion Centre we carried out a tenth consecutive humanitarian campaign Give Energy for Life. The purpose of the campaign is to raise the awareness of Slovenes of the importance of blood donation, encourage existing blood donors and motivate new donors to give blood.

A number of humanitarian projects operated by non-profit organisations were again supported through donations. In a humanitarian gesture, we also helped to mitigate the impact of the epidemic by donating food and fuel to various charity organisations. At the end of the year, we organised a tenth Our Energy Connects campaign in which the funds earmarked for business gifts are given to charity. Each service station in Slovenia proposes a humanitarian project for which we allocate 200 euros. This way, a total of more than EUR 620 thousand was donated over the past ten years.

In 2020 we once again extended our helping hand to the Moste – Polje Association of Friends of Youth. In the campaign Become Petrol's School Friend, we managed to fill as many as 61 school bags with the help of our generous employees, donating them to children from socially disadvantaged families.





COMPANIES IN THE PETROL GROUP

The Petrol Group as at 31 December 2020	Sales	Energy and environmental systems	Production of renewable electricity
The parent company			
PETROL d.d., LJUBLJANA	•	•	•
Subsidiaries			
PETROL d.o.o. (100%)	•	•	
PETROL JAVNA RASVJETA d.o.o. (100%)		•	
ADRIA-PLIN d.o.o. (75%)	•		
PETROL BH OIL COMPANY d.o.o. Sarajevo (100%)	•		
PETROL d.o.o. BEOGRAD (100%)	•	•	
Petrol LUMENNIS PB d.o.o. Beograd (100%)		•	
Petrol LUMENNIS VS d.o.o. Beograd (100%)		•	
PETROL CRNA GORA MNE d.o.o. (100%)	•		
PETROL TRADE HANDELSGES.m.b.H. (100%)	•		
BEOGAS d.o.o. (100%)	•	•	
PETROL LPG d.o.o. Beograd (100%)	•		
TIGAR PETROL d.o.o. (100%)	•		
PETROL LPG HIB d.o.o. (100%)	•		
PETROL POWER d.o.o. Sarajevo (99.7518%)			•
PETROL-ENERGETIKA DOOEL Skopje (100%)	•		
PETROL BUCHAREST ROM S.R.L. (100%)	•		
PETROL PRAHA CZ S.R.O. (100%)	•		
PETROL TRADE SLOVENIJA L.L.C. (100%)	•		
PETROL HIDROENERGIJA d.o.o. Teslić (80%)			•
VJETROELEKTRANE GLUNČA d.o.o. (100%)			•
IG ENERGETSKI SISTEMI d.o.o. (100%)	•		
PETROL GEO d.o.o. (100%)		•	
EKOEN d.o.o. (100%)		•	
EKOEN GG d.o.o. (100%)		•	
EKOEN S d.o.o. (100%)		•	
ZAGORSKI METALAC d.o.o. (75%)	•	•	
MBILLS d.o.o. (100%)	•		
ATET d.o.o. (72.96%; 76% voting rights)		•	
VJETROELEKTRANA LJUBAČ d.o.o. (100%)			
STH ENERGY d.o.o. Kraljevo (80%)		•	
PETROL - OTI - TERMINAL L.L.C. (100%)			
GEOPLIN d.o.o. Ljubljana (74.28%)	•		
GEOCOM d.o.o. (100%)	•		
	•		
GEOPLIN D.O.O., Zagreb (100%)			
GEOPLIN D.O.O. Beograd (100%)	•		
ZAGORSKI METALAC d.o.o. (25%)	•	•	
Jointly controlled entities			
GEOENERGO d.o.o. (50%)		•	
VJETROELEKTRANA DAZLINA d.o.o. (50%)			•
SOENERGETIKA d.o.o. (25%)		•	
Associates			
PLINHOLD d.o.o. Ljubljana (29.6985%)		•	
AQUASYSTEMS d.o.o. (26%)		•	
IVICOM ENERGY d.o.o., Žagubica (25%)			•

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THE PARENT COMPANY

PETROL, SLOVENSKA ENERGETSKA DRUŽBA, D.D., LJUBLJANA

Management Board: Nada Drobne Popović, Management Board president (since 11 February 2020; serving as Management Board president ad interim until 10 February), Matija Bitenc, Management Board member (since 11 March 2020), Jože Bajuk, Management Board member (since 11 March 2020), Jože Smolič, Management Board member (since 28 August 2020), Zoran Gračner, Management Board member and Worker Director (since 11 December 2020), Ika Krevzel Panić, Management Board member and Worker Director (until 10 December 2020), Danijela Ribarič Selaković, Management Board member (until 10 March 2020).

E-mail: petrol.pr@petrol.si

Petrol d.d., Ljubljana was formally established on 5 June 1945 as a subsidiary of the state-owned company Jugopetrol. Before being transformed into a private joint-stock company in 1997, Petrol had operated under a variety of different organisational forms. Petrol d.d., Ljubljana's predominant activity is to sell petroleum products and other energy products (liquefied petroleum gas, natural gas and electricity) as well as merchandise and services. In addition, the Company is engaged in environmental and energy solutions projects.

With its 318 service stations, it has a 56-percent share of the Slovene retail market in petroleum products.

It generates the greater part of the Petrol Group's revenue and profits.

In 2020 Petrol d.d., Ljubljana generated EUR 2.3 billion in sales revenue or 34 percent less than in 2019. This was mainly due to lower oil prices and lower sales of petroleum products, and this was primarily the result of the pandemic (the impact of the pandemic is presented in chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020 and also in other chapters of this annual report).

Petrol d.d., Ljubljana's sales revenue was generated through the sale of:

- · 2.7 million tons of petroleum products, down 20 percent relative to 2019,
- · 31.3 thousand tons of LPG, down 14 percent relative to 2019,
- · 1.4 TWh of natural gas, up 34 percent relative to 2019,
- · merchandise totalling EUR 372.6 million, down 5 percent relative to 2019,
- · electricity and energy and environmental solutions.

Adjusted gross profit stood at EUR 280.5 million, a decrease of 19 percent on the previous year. This was mainly the result of a drop in petroleum product sales caused by the pandemic.

Operating costs totalled EUR 272.8 million or 2 percent more than in 2019. The costs of materials totalled EUR 23.8 million and were 3 percent lower than in 2019. The costs of services stood at EUR 110.4 million, a decrease of 8 percent over the year before. Labour costs totalled EUR 74.7 million or 1 percent less than in 2019. In accordance with the Act Determining the Intervention Measures to Contain the Covid-19 Epidemic, Petrol d.d., Ljubljana made use of a partial exemption from the payment of contributions for pension and disability insurance totalling EUR 2.4 million, recording the exemption as a decrease in the costs of pension and other social insurance.

The depreciation and amortisation charge totalled EUR 47.2 million, which was 6 percent more than in 2019. Other costs totalled EUR 16.7 million and were EUR 14.4 million higher than in 2019, owing to impairment of assets and a lower reversal of provisions.

Other operating revenue stood at EUR 103.9 million, which was EUR 22.4 million more than in 2019. Gain on derivatives totalled EUR 99.7 million or 29 percent more than in 2019. Other operating expenses, the bulk of which is attributable to loss on derivatives, stood at EUR 76.3 million, which was EUR 8.3 million less than in 2019.

Operating profit totalled EUR 35.4 million or 55 percent less than in 2019.

IMPACT OF GOVERNMENT GRANTS ON LABOUR COSTS, EBITDA AND PRE-TAX PROFIT

The Petrol Group (EUR million)	2020 results	2019 results	2020/2019 Index
Adjusted gross profit	280.5	348.0	81
Labour costs, including government grants	74.7	75.3	99
Labour costs, excluding government grants	77.0	75.3	102
EBITDA, including government grants	82.6	121.8	68
EBITDA, excluding government grants	80.2	121.8	66
Pre-tax profit, including government grants	31.7	73.3	43
Pre-tax profit, excluding government grants	29.3	73.3	40

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities stood at EUR 3.6 million, an increase of EUR 1.4 million relative to 2019. Net finance expenses stood at EUR –7.3 million and was down EUR 0.5 million compared to 2019. In 2020 Petrol d.d., Ljubljana's net loss on derivatives was up by EUR 6.4 million relative to 2019. Finance expenses decreased by EUR 4.6 million, which was the result of impairment of investments and goodwill. Net foreign exchange differences were positive in 2020 and as such up EUR 4.9 million compared to 2019. Net interest expense was EUR 1.7 million lower year-on-year, with allowances for receivables reversed and bad debt recovered increasing by EUR 0.8 million compared to 2019. In 2020 Petrol d.d., Ljubljana did not create allowances for operating and financial receivables whereas in 2019 these had stood at EUR 1.4 million. Net other finance income was up EUR 1.6 million in 2020 compared to 2019.

Pre-tax profit totalled EUR 31.7 million or EUR 41.6 million less than in 2019. Net profit of Petrol d.d., Ljubljana for the year 2020 stood at EUR 28.9 million, down 52 percent relative to 2019.

Total assets of Petrol d.d., Ljubljana as at 31 December 2020 equalled EUR 1.5 billion, which was 3 percent less than in 2019. Non-current assets accounted for EUR 1.0 billion of the above figure, which was 2 percent more than on 31 December 2019, with current assets amounting to EUR 440.4 million, down 12 percent as compared to 31 December 2019. This was mostly the result of a decrease in operating receivables and inventories.

The equity of Petrol d.d., Ljubljana as at 31 December 2020 equalled EUR 586.0 million, which was 3 percent less than at the end of 2019.

SUBSIDIARIES

THE PETROL ZAGREB GROUP

General Manager: Boris Antolovič **E-mail:** boris.antolovic@petrol.hr

Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol d.o.o. is a 100-percent owner of Petrol javna rasvjeta d.o.o. and a 75-percent owner of Adria-Plin d.o.o. which was acquired through the purchase of the rights and assets of Crodux Plin d.o.o. In September 2019, the Petrol Zagreb Group acquired Crodux Plin d.o.o.'s LPG operations while in January 2020 it acquired its electricity-trading operations. The Petrol Zagreb Group sells oil, merchandise and services in Croatia. In 2020 it sold 648.3 thousand tons of petroleum products and LPG, down 5 percent from 2019. In 2020 the Petrol Zagreb Group as a whole generated EUR 380.0 million in sales revenue, down 28 percent from 2019. This was largely due to lower prices and lower sales of petroleum products as a result of movement restrictions imposed by countries to curb the pandemic and of the decline in economic activity caused by the pandemic (for more information on the impact of the pandemic, see chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020). The Group generated EUR 322.6 million of sales revenue from the sale of petroleum products and LPG and EUR 57.4 million from the sale of merchandise. Its operating profit stood at EUR 27.3 million in 2020, a decrease of EUR 2.6 million from the previous year. The group's net profit for 2020 totalled EUR 21.2 million, which was EUR 3.2 million less than in the previous year. The Petrol Zagreb Group operated 110 service stations at the end of 2020.

The group's equity totalled EUR 184.0 million as at 31 December 2020.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

General Manager: Gregor Žnidaršič **E-mail:** gregor.znidarsic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling petroleum products, merchandise and services in Bosnia and Herzegovina. In 2020 it sold 190.1 thousand tons of petroleum products and LPG, down 17 percent from 2019. In 2020 Petrol BH Oil Company d.o.o. Sarajevo generated EUR 102.2 million in sales revenue, down 39 percent from 2019. This was largely due to lower prices and lower sales of petroleum products as a result of movement restrictions imposed by countries to curb the pandemic and of the decline in economic activity caused by the pandemic (for more information on the impact of the pandemic, see chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020). In Bosnia and Herzegovina, petroleum product prices were set freely in the market, the exception being the period from 9 April 2020 to 20 August 2020 when gross motor fuel margins were limited due to the pandemic (the maximum retail margin was EUR 0.128 per litre and the maximum wholesale margin was EUR 0.031 per litre). The company generated EUR 92.8 million of sales revenue from the sale of petroleum products and LPG and EUR 9.4 million from the sale of merchandise. Its operating profit stood at EUR 5.3 million in 2020, a decrease of EUR 1.1 million from the previous year. The company's net profit for 2020 totalled EUR 5.1 million, a decrease of EUR 850.5 thousand from 2019. Petrol BH Oil Company d.o.o. Sarajevo operated 42 service stations at the end of 2020.

The company's equity totalled EUR 65.6 million as at 31 December 2020.

THE PETROL BEOGRAD GROUP

General Manager: Uroš Bider **E-mail:** uros.bider@petrol.co.rs

Ownership interest of Petrol d.d., Ljubljana: 100%

In 2020 Petrol Beograd d.o.o. became the sole owner of Petrol LUMENNIS PB d.o.o. Beograd and Petrol LUMENNIS VS d.o.o. Beograd, which are engaged in public lighting projects in the towns of Priboj and Vrbas, Serbia. The Petrol d.o.o company's principal activity is selling petroleum products, merchandise and services in Serbia. The volume of petroleum products and LPG sold in 2020 totalled 86.9 thousand tons, which was on a par with the previous year. In 2020 Petrol d.o.o. Beograd generated EUR 44.6 million in sales revenue, down 27 percent from 2019. This was largely due to lower prices and lower sales of petroleum products as a result of movement restrictions imposed by countries to curb the pandemic and of the decline in economic activity caused by the pandemic (for more information on the impact of the pandemic, see chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020). The group generated EUR 40.6 million of sales revenue from the sale of petroleum products and LPG and EUR 4.0 million from the sale of merchandise. Its operating profit stood at EUR 2.8 million in 2020, an increase of EUR 1.2 million from the previous year. The company's net profit for 2020 totalled EUR 2.2 million, a year-on-year increase of EUR 772.9 thousand. Petrol d.o.o. Beograd operated 15 service stations at the end of 2019.

The company's equity totalled EUR 29.1 million as at 31 December 2020.

PETROL CRNA GORA MNE D.O.O.

Executive Director: Jaka Hrastnik **E-mail:** jaka.hrastnik@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling oil, merchandise and services in Montenegro. It was formed when Petrol Crna Gora d.o.o. Cetinje was legally and formally merged into Petrol Bonus d.o.o. in July 2012. The merger resulted in a new company called Petrol Crna Gora MNE d.o.o. In 2020 it sold 40.7 thousand tons of petroleum products and LPG, down 9 percent from 2019. In 2020 Petrol Crna Gora MNE d.o.o. generated EUR 24.0 million in sales revenue, down 28 percent from 2019. This was largely due to lower prices and lower sales of petroleum products as a result of movement restrictions imposed by countries to curb the pandemic and of the decline in economic activity caused by the pandemic (for more information on the impact of the pandemic, see chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020). The company generated EUR 19.7 million of sales revenue from the sale of petroleum products and LPG and EUR 4.3 million from the sale of merchandise. Its operating profit stood at EUR 537.6 thousand in 2020. Net profit for 2020 totalling EUR 454.5 thousand. Petrol Crna Gora MNE d.o.o. operated 15 service stations at the end of 2020.

The company's equity totalled EUR 20.4 million as at 31 December 2020

THE GEOPLIN GROUP

General Manager: Boštjan Napast **E-mail:** bostjan.napast@geoplin.si

Ownership interest of Petrol d.d., Ljubljana: 74.28%

The company has been engaged in energy operations, i.e. supplying, trading and acting as an agent and intermediary in the natural gas market, the company's principal activity, since mid-1978. Its operations in the area of natural gas supply and services also extend abroad. To be able to ensure reliable supply, it has appropriate and diversified procurement sources at its disposal, as well as transport and storage facilities. The Geoplin Group comprises the parent company Geoplin d.o.o. Ljubljana and its subsidiaries Geoplin d.o.o. in Zagreb, Geoplin d.o.o. Beograd and Geocom d.o.o., which are wholly owned by the parent company, as well as Zagorski metalac d.o.o., which is 25-percent owned by the parent company. In 2020 the company's focus was mainly on carrying out and developing its principal activity of marketing and trading in natural gas. To this end, the company developed trading infrastructure to support the optimisation of its

procurement and sales portfolio as well as its expansion to new markets. Together with efficient energy consumption and RES projects, it also continued to develop and market energy solutions. In 2020 the Geoplin Group sold 27.3 TWh of natural gas, generating EUR 387.4 million in sales revenue. The group's net profit for 2020 totalled EUR 12.3 million. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 9.1 million.

The group's equity totalled EUR 138.3 million as at 31 December 2020.

BEOGAS D.O.O. BEOGRAD

General Manager: Uroš Bider **E-mail:** uros.bider@petrol.co.rs

Ownership interest of Petrol d.d., Ljubljana: 100%

Beogas d.o.o. is engaged in financing, designing and constructing distribution pipelines, but it also distributes natural gas in Belgrade municipalities Čukarica, Palilula and Voždovac, as well as in Pećinci since August 2015 and in Bačka Topola since June 2018. Beogas d.o.o. Beograd is the owner of 462.1 km of the gas distribution network and 11,900 active gas connections. In 2020 the company sold 322.8 thousand MWh of natural gas, up 3 percent on the previous year. In 2020 it generated EUR 11.7 million in sales revenue, up 7 percent on the previous year. The company's operating profit stood at EUR 1.8 million in 2020, an increase of EUR 1.0 million from the previous year. Its net profit for 2020 totalled EUR 1.6 million, an increase of EUR 854.1 thousand from 2019.

The company's equity totalled EUR 19.4 million as at 31 December 2020.

THE PETROL LPG GROUP

General Manager: Miljko Vlačić (since 13 April 2020), Uroš Bider (since 1 January 2021), Bojan Kocić (until 31

December 2020)

E-mail: miljko.vlacic@petrol.co.rs

Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol LPG d.o.o. was established in February 2013 and is the sole owner of Tigar Petrol d.o.o. The companies sell liquefied petroleum gas in Serbia. In July 2016, Petrol LPG HIB d.o.o. was established, which is also fully owned by Petrol LPG d.o.o. The company sells liquefied petroleum gas in Bosnia and Herzegovina.

In 2020 the Petrol LPG Group sold 78.1 thousand tons of liquefied petroleum gas, down 19 percent on the previous year. In 2020 it generated EUR 36.2 million in sales revenue, a year-on-year decrease of 26 percent. This was largely due to lower prices and lower sales of petroleum products as a result of movement restrictions imposed by countries to curb the pandemic and of the decline in economic activity caused by the pandemic (for more information on the impact of the pandemic, see chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020). Operating profit totalled EUR 1.8 million in 2020, which was 18 percent less than in 2019. Net profit for 2020 totalled EUR 1.6 million, down 17 percent on the previous year.

The group's equity totalled EUR 10.9 million as at 31 December 2020.

PETROL GEO D.O.O.

General Manager: Matej Prkič **E-mail:** matej.prkic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Geo d.o.o. was established in July 2018. In October 2018, mining services consisting of the drilling and maintenance of gas and oil boreholes, including the extraction of natural gas and oil, were transferred from Petrol Geoterm d.o.o. to Petrol Geo d.o.o. In December 2018, Petrol Geoterm d.o.o. was merged into Petrol d.d., Ljubljana (production of heat from geothermal boreholes; management and development of district heating systems based on geothermal boreholes).

Petrol Geo d.o.o. generated EUR 1.3 million in sales revenue in 2020, down 19 percent on the previous year. Its operating profit or loss for 2020 amounted to EUR -133.8 thousand and its net profit or loss for the year to EUR -622.4 thousand.

The company's equity totalled EUR 868.1 thousand as at 31 December 2020.

IG ENERGETSKI SISTEMI D.O.O.

Manager: Barbara Jama Živalič (since 25 January 2020), Tomaž Berločnik (until 24 January 2020)

E-mail: barbara.jama-zivalic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

The single most important investment of IG energetski sistemi d.o.o. (IGES) was a 25-percent interest in GEN-EL d.o.o. In accordance with Petrol d.d., Ljubljana strategy, a contract was signed on 22 June 2016 to dispose of the 50-percent interest held by the subsidiary IGES d.o.o. in the company GEN-I, d.o.o. The interest was then acquired by the company GEN-EL d.o.o. for EUR 45.1 million. The transaction was carried out in two parts: the first part was completed in 2016 and the second part in May 2018.

PETROL TRADE HANDELSGESELLSCHAFT M.B.H.

General Manager: Marko Malgaj **E-mail:** marko.malgaj@petrol-trade.at

Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol-Trade Handelsges.m.b.H. sells petroleum products in Austria and in the neighbouring countries.

In 2020 the company purchased and sold 94.3 thousand tons of petroleum products and LPG, of which 84.8 thousand tons were sold outside the Petrol Group. In 2020 it generated EUR 36.0 million in sales revenue, down 32 percent from 2019. Its net profit for 2020 totalled EUR 151.1 thousand.

The company's equity totalled EUR 1.7 million as at 31 December 2020.

VJETROELEKTRANE GLUNČA D.O.O.

General Managers: Suvad Bajrić, Slaven Tudić (until 30 June 2020), Boris Antolovič (since 30 June 2020)

E-mail: suvad.bajric@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In February 2016, Petrol d.d., Ljubljana became the full owner of the Šibenik-based company Vjetroelektrane Glunča d.o.o. which is engaged in electricity production. The company owns a 20.7 MW wind farm in the Šibenik area. In 2020 it generated EUR 4.7 million in sales revenue, its net profit totalling EUR 816.0 thousand.

The company's equity totalled EUR 10.4 million as at 31 December 2020.

PETROL HIDROENERGIJA D.O.O. TESLIĆ

General Manager: Gregor Žnidaršič **E-mail:** gregor.znidarsic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 80%

In September 2015, the companies Petrol d.d., Ljubljana and Eling Inžinjering d.o.o. Teslić established the company Petrol Hidroenergija d.o.o. Teslić which is engaged in electricity production. In 2020 the company generated EUR 747.1 thousand in sales revenue. Its net profit for 2020 totalled EUR 512.6 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 410.1 thousand.

The company's equity totalled EUR 7.5 million as at 31 December 2020.

PETROL POWER D.O.O.

General Manager: Aleš Weiss (since 26 November 2020), Suvad Bajrić (until 26 November 2020)

E-mail: ales.weiss@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 99.7518%

Intrade energija d.o.o. Sarajevo became a subsidiary of Petrol d.d., Ljubljana when the company IG Investicijski inženiring, d.o.o. was merged into Petrol d.d., Ljubljana. It was renamed Petrol Power d.o.o. in January 2020. The company produces and distributes electricity. In 2020 the company generated EUR 602.1 thousand in sales revenue, its net profit or loss for 2020 totalling EUR –175.0 thousand. The net profit or loss attributable to Petrol d.d., Ljubljana amounted to EUR –174.6 thousand.

The company's equity totalled EUR –1.7 million as at 31 December 2019.

MBILLS D.O.O.

General Manager: Primož Zupan **E-mail:** primoz.zupan@mbills.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In February 2018, Petrol d.d., Ljubljana became a 76-percent owner of Mbills d.o.o. The company operates under the Petrol mBills brand, which stands for paperless and cashless payments. The app is an open mobile payment platform based on the mobile wallet. It can be used for paying bills at the cash desk, monthly bills, online shopping, money transfers and much more. In April 2020, Petrol d.d., Ljubljana increased its ownership interest in Mbills d.o.o. from 91.04% to 100%. In 2020 the company generated EUR 1.9 million in sales revenue, its net profit or loss for 2020 totalling EUR –1.8 million. The net profit or loss attributable to Petrol d.d., Ljubljana amounted to EUR –1.8 million.

The company's equity totalled EUR 5.7 million as at 31 December 2020.

THE EKOEN GROUP

General Manager: Igor Jogan (since 24 September 2020), Urška Kalan (from 31 July 2020 to 24 September 2020), Janez Grošelj (until 13 July 2020)

E-mail: igor.jogan@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In November 2018, Petrol d.d., Ljubljana acquired a 100-percent interest in Ekoen d.o.o., which is the sole owner of Ekoen GG d.o.o. The company's principal activity is to produce and distribute heat from renewable sources. In 2020 the group generated EUR 415.9 thousand in sales revenue. Its net profit or loss for 2020 stood at EUR –15.1 thousand.

The group's equity totalled EUR 764.8 thousand as at 31 December 2020.

EKOEN S D.O.O.

General Manager: Igor Jogan (since 24 September 2020), Urška Kalan (from 31 July 2020 to 24 September 2020), Janez Grošelj (until 13 July 2020)

E-mail: igor.jogan@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2018, Petrol d.d., Ljubljana acquired a 100-percent interest in the company Ekoen S d.o.o. The company's principal activity is to produce and distribute heat from renewable sources. In 2020 the company generated EUR 46.0 thousand in sales revenue, its net profit or loss for 2020 totalling EUR –1.7 thousand.

The company's equity totalled EUR 8.3 thousand as at 31 December 2020.

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ZAGORSKI METALAC D.O.O.

General Manager: Vladimir Sabo (since 2 October 2020), Željko Bjelan (until 2 October 2020)

E-mail: vladimir.sabo@petrol.hr

Ownership interest of Petrol d.d., Ljubljana: 75% Geoplin d.o.o. Ljubljana: 25%

The company is engaged in natural gas distribution and supply as well as in distribution pipeline maintenance, design and construction. Zagorski metalac d.o.o. distributes natural gas in the Zagreb County and in the Krapina-Zagorje County. The company has a broad gas distribution network (of approximately 830 km), through which it supplies gas to over 17,000 end customers. In 2020 it sold 174.0 thousand KWh of natural gas and distributed 243.8 thousand KWh of natural gas. In 2020 the company generated EUR 6.9 million in sales revenue, its net profit for 2020 totalling EUR 718.7 thousand.

The company's equity totalled EUR 8.7 million as at 31 December 2020.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Aleš Zupančič (since 21 July 2020), Aleš Koželjnik (until 21 July 2020)

E-mail: ales.zupancic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2010, Petrol d.d., Ljubljana established Petrol-Energetika DOOEL Skopje, which is engaged in electricity trading. The company has a valid electricity trading licence. In 2020 the company generated EUR 11.8 million in sales revenue, its net profit for 2020 totalling EUR 2.1 thousand.

The company's equity totalled EUR 109.4 thousand as at 31 December 2020.

PETROL BUCHAREST ROM S.R.L.

General Manager: Aleš Zupančič (since 23 July 2020), Aleš Koželjnik (until 23 July 2020)

E-mail: ales.zupancic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2014, Petrol d.d., Ljubljana established the company Petrol Bucharest ROM S.R.L., which is engaged in electricity trading, production, transport and distribution. In 2020 the company generated EUR 80.9 thousand in sales revenue, its net profit for 2019 totalling EUR 5.2 thousand.

The company's equity totalled EUR -89.5 thousand as at 31 December 2019.

PETROL PRAHA CZ S.R.O.

General Manager: Aleš Zupančič (since 27 July 2020), Aleš Koželjnik (until 27 July 2020)

E-mail: ales.zupancic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In January 2015, Petrol d.d., Ljubljana established Petrol Praha CZ S.R.O., which is engaged in electricity trading.

The company's equity totalled EUR –78.1 thousand as at 31 December 2020.

PETROL TRADE SLOVENIJA L.L.C.

Management Board: Anton Figek, Aleš Koželjnik, Uroš Kalan

E-mail: anton.figek@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In January 2016, Petrol d.d., Ljubljana established Petrol Trade Slovenija L.L.C., which is engaged in trading, transmission and distribution of electricity as well as in wholesale and retail trading in gas, fuel, other petroleum products and merchandise.

The company's equity totalled EUR -6.8 thousand as at 31 December 2020.

VJETROELEKTRANA LJUBAČ D.O.O.

General Managers: Suvad Bajrić, Slaven Tudić, Boris Antolovič (since 30 June 2020)

E-mail: suvad.bajric@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In January 2018, Petrol d.d., Ljubljana acquired a 50-percent interest in the Šibenik-based company Vjetroelektrana Ljubač d.o.o. In 2019 Petrol d.d., Ljubljana acquired a 100-percent interest in this company, which is engaged in electricity production.

The company's equity totalled EUR -140.4 thousand as at 31 December 2020.

ATET D.O.O.

General Manager: Matevž Kustec, Tadej Smogavec (since 23 June 2020), Miha Valentinčič (until 1 June 2020)

E-mail: matevz.kustec@atet.si, tadej.smogavec@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 72.96% (76% of voting rights)

In December 2019, Petrol d.d., Ljubljana acquired a 72.96-percent interest in the company Atet d.o.o. The company's principal activity is rental and leasing of cars and light motor vehicles (short-term rental of vehicles, transport activities with a driver, and ancillary mobility services). In 2020 the company generated EUR 1.4 million in sales revenue, its net profit for 2020 totalling EUR 4.4 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 3.2 thousand.

The company's equity totalled EUR 1.9 million as at 31 December 2020.

STH ENERGY D.O.O. KRALJEVO

General Manager: Aleš Weiss **E-mail:** ales.weiss@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 80%

In December 2019, Petrol d.d., Ljubljana acquired an 80-percent interest in the company STH Energy d.o.o. Kraljevo. The company's principal activity is to produce electricity.

The company's equity totalled EUR 547.8 thousand as at 31 December 2020.

PETROL-OTI-TERMINAL L.L.C.

General Manager: Anton Figek **E-mail:** anton.figek@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2020, Petrol d.d., Ljubljana acquired a 100-percent interest in Petrol-OTI-Terminal L.L.C. On 24 December 2020, a transaction was completed in which we exited the company by selling our interest in Petrol-OTI-Terminal L.L.C. to another company member. Petrol d.d. is the sole owner of Petrol-OTI-Terminal L.L.C.

The company's equity totalled EUR 8.6 million as at 31 December 2020.

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JOINTLY CONTROLLED ENTITIES

GEOENERGO D.O.O.

General Managers: Borut Bizjak, Matej Prkič (since 4 September 2020), Miha Valentinčič (until 1 June 2020)

E-mail: miha.valentincic@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. In 2020 it sold 385.3 tons of oil and gas condensate and 5,284.1 thousand m³ of natural gas. It has a long-term contract with the company Ascent Slovenia Limited on joint operations aimed at developing oil and gas fields Dolina and Petišovci near Lendava. The company's net profit or loss for 2020 stood at EUR –22.8 thousand, with the net profit or loss attributable to the Petrol Group amounting to EUR –11.4 thousand.

The company's equity totalled EUR 296.8 thousand as at 31 December 2020.

VJETROELEKTRANA DAZLINA D.O.O.

General Managers: Suvad Bajrić, Slaven Tudić

E-mail: suvad.bajric@petrol.si

Ownership interest of Petrol d.d., Ljubljana: 50%

In December 2017, Petrol d.d., Ljubljana acquired a 50-percent interest in the Šibenik-based company Vjetroelektrana Dazlina d.o.o., which is engaged in electricity production.

The company's equity totalled EUR 28 as at 31 December 2020.

SOENERGETIKA D.O.O.

General Manager: Aleš Ažman

E-mail: ales.azman@elektro-gorenjska.si

Ownership interest of Petrol d.d., Ljubljana: 25%

The company's principal activity is the production of electricity in thermal power plants and nuclear power plants. Its net profit for 2020 totalled EUR 2.1 thousand, with the net profit attributable to the Petrol Group amounting to EUR 531.

The company's equity totalled EUR 1.7 million as at 31 December 2020.

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ASSOCIATES

AQUASYSTEMS D.O.O.

Ownership interest of Petrol d.d., Ljubljana: 26%

Activities: Construction and operation of industrial and municipal water treatment plants – the central waste treatment plant in Maribor

PLINHOLD D.O.O.

Ownership interest of Petrol d.d., Ljubljana: 29.6985%

Activities: Management of gas infrastructure

IVICOM ENERGY D.O.O. ŽAGUBICA

Ownership interest of Petrol d.d., Ljubljana: 25%

Activities: Production of electricity

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REPORT OF THE SUPERVISORY BOARD

The Supervisory Board's composition in 2020 was such that its members complemented each other in terms of their expertise and competences. The composition was also diverse as regards education, work experience and personality traits, all of which allowed for an effective exchange of views and opinions. In October 2019, when the terms of office of three Management Board members ended through mutual agreement, Supervisory Board President Nada Drobne Popović became Management Board president ad interim, in accordance with provisions of Article 273 of the Companies Act. On 10 February, she was subsequently appointed President of the Management Board for a five-year term of office. On 11 February 2020, Deputy President of the Supervisory Board, Sašo Berger, took up the post of Supervisory Board president, with Supervisory Board member Igo Gruden becoming Deputy President of the Supervisory Board. From 25 October 2019 to 23 July 2020, the Supervisory Board had eight members. On 24 July 2020, Janez Pušnik, previously an external member of the Audit Committee, became member of the Supervisory Board. On 11 December 2020, Supervisory Board member and employee representative Zoran Gračner became a new Management Board member and Worker Director, resigning from the Supervisory Board and ending his appointment. As a result, Marko Šavli became a new Supervisory Board member and employee representative for the remaing term of office of Zoran Gračner.

In 2020 the Supervisory Board and Management Board of Petrol d.d., Ljubljana focused on substantive matters falling within their remit. The members of the Supervisory Board carried out their work professionally, focusing on the effective performance of their functions, including in the committees. Supervisory Board members thoroughly prepared themselves for the topics discussed, gave constructive proposals based on verbal and written information obtained from the Management Board, and adopted decisions competently, in line with the Rules of Procedure, internal regulations and legal powers. The work of the Supervisory Board was effectively supported by the proposals of Supervisory Board committees and their substantive input. The Supervisory Board kept stakeholders informed on a regular basis. In compliance with the Slovene Corporate Governance Code for Listed Companies, the Supervisory Board states in this report that all the costs incurred in connection with its work are disclosed in this annual report.

The Supervisory Board had 21 meetings in 2020. A number of meetings were held to account for the fact that the composition of the Management Board had changed and was being finalised, that the new Management Board was preparing a new Company strategy and that 2020 was marked by considerable investment activity, the stabilisation of operations following the replacement of the Management Board and, last but not least, the matter of doing business during the pandemic.

Topics discussed at the Supervisory Board's meetings in 2020 were linked to the regular monitoring of operations of Petrol d.d., Ljubljana and the Petrol Group as well as their development. The Supervisory Board and the Management Board focused their efforts on determining strategies and on identifying and managing business risks. This is important for ensuring successful future operations of the Company and the Petrol Group.

The most important topics discussed at the Supervisory Board's meetings in 2020

The first two meetings, which took place in January and February, were not scheduled in the financial calendar. The first meeting (37th meeting of the Supervisory Board) was dedicated to reporting on the performance of M&A projects, and the next, 38th, to the appointment of a new Management Board. On 11 February 2020, Nada Drobne Popović became President of

PETROL ANNUAL REPORT 2020

the Management Board, and Jože Bajuk and Matija Bitenc were appointed Management Board members with a five-year term of office on 11 March 2020.

At the meeting of 12 March 2020, which was scheduled in the financial calendar, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2019, the proposed allocation of accumulated profit and the convening of the 31st General Meeting.

At its meeting of 2 April 2020, the Supervisory Board discussed the analysis of future business scenarios and actions that were presented with regard to operations during the pandemic. Due to the extraordinary situation, the convocation of the General Meeting was cancelled.

The next meeting in May was held as scheduled in the financial calendar for 2020 and addressed primarily the quarterly report on the operations of the Petrol Group and Petrol d.d., Ljubljana, as well as the report on the operations of the Company and the Group in the circumstances marked by the coronavirus pandemic. At the meeting, changes and amendments to the Company's 2020 financial calendar were also adopted to add new dates for the reconvening of the General Meeting, the holding of the General Meeting and the publication of General Meeting resolutions to the financial calendar.

Three meetings in June and July were dedicated to confirming the convening of the 31st General Meeting, to discussing the assessment of the Petrol Group's operations until the end of the 2020 financial year and to covering other topics related to optimising the operations of the Petrol Group in stringent business conditions. In the second half of August, a correspondence meeting of the Supervisory Board was held, at which two members of the Audit Committee of the Supervisory Board of Petrol d.d., Ljubljana were appointed, namely Janez Pušnik as member and Christoph Geymayer as external member of the Audit Committee.

The next meeting of the Supervisory Board was held in accordance with the financial calendar, on 27 August 2020. It was dedicated to discussing the Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2020. At the meeting, a member of the Management Board, Jože Smolič, was appointed for a five-year term of office, whereby the composition of the Management Board was finalised. In addition to the above, the starting points for drafting the strategy were presented, and this topic was also the main theme discussed at the next meetings of the Supervisory Board; the five-year strategy was finally approved in January 2021.

Several meetings followed in September, October and November, which besides the preparations for the adoption of the strategy for the 2021 – 2025 period also addressed the following topics:

- the expected impact of the liberalisation of petroleum product prices on business;
- · the expected impact of Sunday shop closure;
- discussion about the proposal and granting of consent to the Management Board for a major acquisition of a company, which was already publicly announced in January 2021 (Crodux Derivati Dva d.o.o.);
- acknowledgement of the submission of a special auditor's report to the Company's Supervisory Board, which was prepared by BDO Revizija d.o.o. based on the resolution of the General Meeting in 2019;
- convocation of the 32nd General Meeting to consider the Auditor's Report referred to in the indent above (General Meeting held on 28 December 2020);
- appointment of Žiga Škerjanc as an external member of the Human Resources and Management Board Evaluation Committee, who participated only in identifying candidates and evaluating candidacies for members of the Supervisory Board;
- · implementation of all personnel procedures for identifying candidates for members of the Supervisory Board and proposing the General Meeting to elect them;
- appointment of a new worker director,
- the Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first nine months of 2020, discussed at the November meeting, which was scheduled in the financial calendar.

The Supervisory Board also carried out a self-assessment of its work and evaluated the work of its committees. The self-assessment was completed at its meeting in January 2021 at which the

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analysis of matrixes completed by Supervisory Board members during this process was also presented. At this meeting, the Supervisory Board carried out a number of activities related to good practices in corporate governance, including identification, disclosure, management and elimination of conflicts of interest. Since the term of office of the substitute member of the Supervisory Board Marko Šavli practically started at that meeting, the Supervisory Board found it reasonable to appoint him to the Audit Committee of the Supervisory Board too.

All the working procedures of the Supervisory Board are geared towards ensuring the basic rules that must be applied in the effective functioning of this body:

- · compliance with the rules and guidelines stipulated in its Rules of Procedure;
- · ongoing training of all persons involved in the functioning of the body and adoption of new best practices related to corporate governance;
- · transparent functioning of the Supervisory Board in relation to the Management Board and vice versa, and in relation to all external stakeholders;
- · sufficient number of meetings to provide a thorough insight into the operations and orientations of future development;
- full attendance of all Supervisory Board members and proactive functioning of each individual member of the Supervisory Board;
- training of Supervisory Board members, learning about new trends, cooperating/becoming acquainted with all key personnel, not only the Management Board of the Company, paying particular attention to learning about the structure of the Company, the Petrol Group and processes;
- · pursuing a policy where financial indicators are only part of the full success story;
- self-assessment of the Supervisory Board with a view to timely identification of the necessary changes and implementation of the measures.

The Supervisory Board, acting within its powers, took responsible decisions and was briefed on a number of other matters:

- · adopting the 2020 Internal Audit work report;
- · adopting the 2021 Internal Audit work programme;
- · adopting the 2021 Audit Committee work programme;
- resolving conflicts of interest (the statements required under the applicable code were signed by Supervisory Board members upon their appointment and also at the end of the financial year, and published on the Company's website);
- giving consent to the Management Board in accordance with the Articles of Association and other forms of approval for Management Board proposals;
- · discussing the Workers' Council reports concerning the involvement of workers in management;
- assessing the work of the two committees, which kept the Supervisory Board regularly informed through minutes, reports and proposals.

Work of the Supervisory Board's committees

In 2020 the Supervisory Board's Audit Committee met eight times. The first two meetings in the financial year were devoted to preparing a basis for the Supervisory Board's approval of the annual report, which was done following a discussion with external auditors, among other things. The Committee discussed the audited annual report and submitted a proposal for its approval to the Supervisory Board. It also dealt with topics related to the Supervisory Board and the annual General Meeting (approval of the 2019 Internal Audit report).

At the other meetings, the Audit Committee discussed the quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana (in May, August and November) and dealt with standard and other matters, such as:

- · progress of the preliminary audit of the 2020 annual report;
- · preparation of the 2021 Audit Committee work programme;
- · management of credit, foreign exchange and price risks; risk management in the Petrol Group by quarter and its annual overview;
- \cdot it was briefed on Internal Audit reports and the 2021 Internal Audit work programme;
- it updated and adopted the Internal Audit Charter of Petrol d.d., Ljubljana, submitting it to the Supervisory Board for approval;

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- it discussed the annual review of the competences and tasks of the Audit Committee and assessed its effectiveness in 2020;
- it was briefed on the report of authorised officers concerning the implementation of corporate integrity guidelines;
- it discussed guidelines governing the performance of non-audit services by the statutory auditor and proposed to the Supervisory Board to adopt them;
- · it was briefed on and monitored the expected changes in International Financial Reporting Standards on a regular basis and assessed the effect they may have had on the financial statements:
- it was briefed on the process of selecting candidates for the position of Head of Internal Audit and informed of the candidate for the position of Head of Internal Audit of Petrol d.d., Ljubljana proposed by the Management Board;
- · it carried out an interview with the Head of Internal Audit;
- · it devoted particular attention to discussing the internal audit report on the process of purchasing goods and services in the company Petrol d.d., Ljubljana;
- · it discussed other topics falling within the competence of the Audit Committee.

The Supervisory Board's Human Resources and Management Board Evaluation Committee met ten times in 2020.

The first two meetings in January and February were held to interview potential candidates for the position of President of the Management Board of Petrol d.d., Ljubljana. The third, fourth and fifth meetings, which took place in February and March, were dedicated to reviewing the candidacies and formulating a proposal to the Supervisory Board for the missing member of the Supervisory Board of Petrol d.d., Ljubljana. The purpose of the sixth meeting, held in August, was to formulate a proposal to the Supervisory Board for the appointment of an additional member of the Management Board. The remaining meetings took place in October and November and were dedicated to preparing candidacy procedure for members of the Supervisory Board of Petrol d.d., Ljubljana, reviewing candidacies, conducting interviews with candidates and formulating proposals for the Supervisory Board.

The Supervisory Board monitored the work of its committees based on their continuous reporting to the Supervisory Board. Considering the implementation of all committee resolutions, the review of their work and reports on the work of both committees presented at the December meeting, the Supervisory Board – in the context of self-assessing its performance – deemed the work of both committees to have been very good.

Assessment of the Petrol Group's operations in 2020

The Petrol Group's operations are focused on achieving long-term growth and the ensuing stable return for shareholders. The Petrol Group is a leading company in Slovenia and plays a prominent role also in the wider region. The emergence of the Covid-19 pandemic has had a negative impact also on the Petrol Group's operations as countries adopted a number of measures to limit the spread of the disease, many of which were restricting movement both within local communities and between countries. The Petrol Group's sales revenue stood at EUR 3.1 billion, down 30 percent on the year before. Adjusted gross profit stood at EUR 426.9 million, which was 10 percent less than in 2019. EBITDA totalled EUR 166.6 million and was 15 percent lower than in 2019, with net profit amounting to EUR 72.3 million, a year-on-year decrease of 31 percent.

Approval of the 2020 Annual Report

At its 59th meeting of 18 March 2021, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2020. Having verified the Annual Report, the financial statements and notes thereto, the Management Board's proposal on the allocation of accumulated profit, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2020.

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As part of the adoption of the Annual Report, the Supervisory Board also put forward its position as regards the corporate governance statement and the statement of compliance with the applicable code that have been included in the business section of the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2020, concluding it reflects the actual state of corporate governance in 2020.

Sašo Berger

President of the Supervisory Board

Ljubljana, 18 March 2021

BUSINESS REPORT 155





ANNUAL REPORT OF THE PETROL GROUP AND PETROL d.d., LJUBLJANA 2020 – Financial Report

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Company's management is responsible for the preparation of the financial statements, together with accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2020, which give, to the best of its knowledge and belief, a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the Company and any other companies included in the consolidated financial statements are exposed to as a whole.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the financial statements give a true and fair view of the Group's and the Company's financial position and the results of their operations in the year 2020.

The management is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union. The Company's management accepts and approves the financial statements, together with accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2020.

The tax authorities may inspect the Company's operations at any time within the period of five years following the year in which the tax was due. This may result in additional tax liabilities, interest on late payment and penalties arising from the corporate income tax and other taxes and duties. The Company's management is not aware of any circumstances, which may give rise to any material liabilities in this regard.

Nada Drobne Popovič

President of the Management Board

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Matija Bitenc

Member of the Management Board

Jože Bajuk

Member of the Management Board

Jože Smolič

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Member of the Management Board Zoran Gračner

Member of the Management Board and Worker Director

Petrol d.d., Ljubljana, Dunajska cesta 50, 1527 Ljubljana, Slovenia

Ljubljana, 11 March 2021



This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Petrol d.d.

Opinion

We have audited the separate financial statements of Petrol d.d. (the Company) and the consolidated financial statements of Petrol Group (the Group), which comprise the statement of financial position and the consolidated statement of financial position as at December 31, 2020, the income statement and the consolidated income statement, the statement of other comprehensive income and the consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements and the consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and the consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and the consolidated financial statements.



Business combination and net assets recognition at fair value in the consolidated financial statements

The Group acquired a controlling interest in one Company in 2020 in the total amount of EUR 1.8 million as disclosed in the Note 6.1 - *Business combinations* and signed the Share Purchase Agreement for another Company in 2020 where the control has been obtained only in 2021 as disclosed in Note 10 - *Subsequent events*. In addition, the provisional purchase price allocations of acquisitions in 2019 were finalized in 2020.

The acquisition accounting for these transactions comprise significant judgement of the management in relation to determining the date when the group obtained the control as well as the judgment for purchase price allocation, mainly in relation to the valuation of the fair value of net assets acquired and the remaining goodwill balance. There is a risk that the assumptions used in the purchase price allocation calculation are inappropriate, and hence the valuation of acquired assets and liabilities could be incorrect. We therefore determined Business combinations and accounting for acquisition to be a key audit matter.

We gained an understanding of the transactions and their rationale through discussions with management and reading of the Share Purchase Agreements. We assessed if the conditions set in the Share Purchase Agreement to obtain the control by the Group had been met before 31 December 2020.

We engaged valuation specialists to assist us in reviewing the methodology and assumptions employed in the valuation of acquired net assets, including determining whether the assumptions used for the purpose of valuing acquired intangible assets were consistent with what a market participant would use. We obtained the underlying cash flow forecasts and evaluated the assumptions used to assess the reasonableness of the forecasts.

We also assessed the appropriateness of the disclosures made in Note 6.1 – Business combinations of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Provisions for onerous contracts in the consolidated financial statements

As at 31 December 2020, provisions for onerous contracts in the consolidated financial statements amount to EUR 12.3 million, as disclosed in Note 6.34 -Other provisions. Provisions for onerous contracts relate to the long-term contracts for the leasing of transmission and storage capacities. New EU rules governing the single European natural gas market have led to an expansion of short-term trading at gas hubs and made it possible to contract transport capacities on monthly and daily basis. Consequently, a different kind of sales products appeared in the market, concerning both s natural gas sales and the leasing of transmission and storage capacities. The Group was compelled to provide similar products to local customers. Because the costs of meeting contractual obligations will exceed the expected economic benefits of the contracts, negative differences will arise. As a result, the Group formed provisions for onerous contracts relating to the leasing of natural gas transmission and storage capacities. The amount was determined based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities and by taking into account the utilization of transmission capacities. The provisions for long-term contracts for the leasing of transmission and storage capacities were formed for the duration of these contracts.

Determination of the provisions for onerous contracts involved management's judgement and estimates related to the assessment of economic benefits in comparison with the non-avoidable cost of services under the long-term contracts. In determining economic benefits from probable utilization of transmission and storage capacities, management used estimates like quantities, expected selling prices and discount rates. Given the magnitude of the provisions for onerous contracts and involved estimates, we determined this to be a key audit matter.

We evaluated the identification and completeness of onerous contracts through discussions with management and examination of management board minutes. We obtained from the management the contracts involved, i.e. contracts for gas storage with two parties and contracts for the leasing of transmission with one party and reviewed the duration of these contracts.

We tested the valuation of the onerous contract provisions by evaluating whether appropriate judgements and assumptions had been applied in determining the unavoidable costs of meeting the obligation and the estimate of the expected benefits to be received under the contract. We evaluated the appropriateness of assumptions used by the management, such as estimated quantities and estimated selling prices as well as discount rate used.

We assessed the adequacy of the disclosures included in Note 6.34 – Other provisions of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.



Impairment of goodwill in the separate and the consolidated financial statements

As at 31 December 2020, goodwill amounts to EUR 85.3 million in the separate financial statements and EUR 105.9 million in the consolidated financial statements, which represents 5.8% and 5.9% of the total assets, respectively. Management's impairment tests are significant to our audit because the assessment process is complex and requires significant management judgment, involves significant estimates and also because of possible impact of Covid-19. Management used assumptions in respect of future market and economic conditions such as sales, operating expenses and EBITDA as well as discount rates and terminal growth rates. Given the inherent subjectivity in the valuation, we determined this to be a significant item for our audit.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, cash generating units' determination, discount rates and other inputs used by the Company and the Group, including the consideration of the impact of Covid-19 on projected cash flows used in the calculation. We included in our team a valuation expert to assist us with our assessment of the discount rates and the appropriateness of the models used. For the impairment tests performed by the external valuer, we considered the independence and capabilities of the external valuer and assessed the valuation reports and executed valuations. We also considered sensitivities such as the impact on the results of the impairment test if EBITDA margin would be decreased, or the discount rates and terminal growth rates would be changed.

We assessed the adequacy of the disclosures on the impairment tests of goodwill performed included in Note 6.15 – Intangible assets of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Impairment of investment in subsidiaries in the separate financial statements

Equity investments in subsidiaries amount to EUR 351 million as at 31 December 2020 which represents 23.7% of total assets as at 31 December 2020 in the separate financial statements. Management's impairment tests are prepared based on the discounted future cash flows and are significant to our audit because the assessment process is complex and requires significant management judgment, involves significant estimates, and also because of possible impact of Covid-19. Given the inherent subjectivity in the valuation, we determined this to be a significant item for our audit.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, discount rates and other inputs used by the Company, including the consideration of the impact of Covid-19 on projected cash flows used in the calculation. We included in our team a valuation expert to assist us with our assessment of the discount rates and the appropriateness of the models used. Furthermore, we considered sensitivities such as the impact on the impairment tests if EBITDA margin and operating profit would be decreased, or the discount rates and terminal growth rates would be changed. We assessed the adequacy of the Company's disclosures on the impairment test performed, included in Note 6.19 - Investments in subsidiaries of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.



Accounting treatment of commodity trading in accordance with IFRS 9 in the separate and the consolidated financial statements

The Company and the Group is entering into commodity contracts on different market and platforms mainly in Europe. The distinction between the contract in scope of IFRS 9 - Financial Instruments: Recognition and Measurement, which are treated as derivatives at fair value, and »own use« contracts, which are not measured at fair value, might be subject to a judgement and classification patterns set by the Company and the Group. This classification depends among other factors on the terms of the contract, whether the contract is considered to have been entered into as part of ordinary business activity, whether contract requires physical delivery of the commodity, and depends on various assumptions, such as expected amount of commodity to be delivered and prices of commodities. Because the classification of commodity contracts and valuation of outstanding positions involves significant judgment and estimates, we concluded this to be a key audit matter.

We tested the design and operating effectives of internal controls over the initial recognition of the contracts, consistency of the commodity contracts designation and the Company's and the Group's ability to deliver the physical commodity over the contractual period. We performed audit procedures focusing on the analysis and comparison of volume of commodities physically delivered during 2020 and valuation testing for outstanding positions as of 31 December 2020. We also assessed whether the Company's and the Group's disclosure in relation to the commodity contracts classification, as disclosed in Note 4.d7) and 3.c7) -Significant accounting policies/Commodity forward contracts is compliant with International Financial Reporting Standards as adopted by the European Union.

Other information

Other information comprises the information included in the Annual Report other than the separate and the consolidated financial statements and auditor's report thereon. Management is responsible for the other information. Our opinion on the separate and the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and the consolidated 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 and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management, audit committee and the supervisory board for the separate and the consolidated financial statements

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

In preparing the separate and the consolidated financial statements, management is responsible for assessing the Company's and Group'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 and Group or to cease operations, or has no realistic alternative but to do so.

The audit committee and the supervisory board are responsible for overseeing the Company's and the Group's financial reporting process. The supervisory board is responsible to approve the audited annual report.

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

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated 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 ISA 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 and consolidated financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the separate and the consolidated 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 and Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group'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 and the consolidated 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 or Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the of the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the supervisory board, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters.



Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company and the Group at the general meeting of shareholders on 18 April 2019, the president of the supervisory board has signed the audit agreement on 3 July 2019. The agreement was signed for the period of three years.

Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 7 years. Sanja Košir Nikašinović and Mateja Repušič are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o.

Consistence with Additional Report to Audit Committee

Our audit opinion on the separate and the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the separate and the consolidated financial statements, no other services which were provided by us to the Company and its controlled undertakings.

Certified auditor

Ljubljana, March 18th 2021

Sanja Košir Nikašinović Director, Certified auditor Ernst & Young d.o.o. Dunajska 111, Ljubljana

ERNST & YOUNG

Revizija, poslovno svetovanje d.o.o., Ljubljana 3

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FINANCIAL STATEMENTS OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA

Statement of profit or loss of the Petrol Group and Petrol d.d., Ljubljana

		The Petrol Group		Petrol d.d.		
(in EUR)	Note	2020	2019	2020	2019	
Sales revenue	6.3	3,079,432,607	4,375,884,019	2,338,624,128	3,532,850,898	
Cost of goods sold		(2,652,558,643)	(3,902,994,431)	(2,058,105,400)	(3,184,811,384)	
Costs of materials	6.4	(27,934,256)	(29,066,046)	(23,786,116)	(24,518,111)	
Costs of services	6.5	(133,344,297)	(142,645,358)	(110,403,782)	(120,612,643)	
Labour costs	6.6	(102,856,574)	(103,688,725)	(74,674,139)	(75,315,402)	
Depreciation and amortisation	6.7	(74,994,167)	(68,886,670)	(47,201,227)	(44,339,635)	
Other costs	6.8	(26,938,726)	(1,975,769)	(16,692,191)	(2,284,398)	
Operating costs		(366,068,020)	(346,262,568)	(272,757,455)	(267,070,189)	
Other revenue	6.3	105,786,186	86,148,573	103,907,580	81,528,453	
Other expenses	6.9	(74,961,521)	(84,681,511)	(76,308,909)	(84,596,594)	
Operating profit or loss		91,630,609	128,094,082	35,359,944	77,901,184	
Share of profit or loss of equity accounted investees	6.10	3,508,790	2,548,605	-	-	
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	6.10	-	-	3,600,678	2,174,736	
Other finance income	6.11	26,906,375	38,109,336	22,700,432	31,388,040	
Other finance expenses	6.11	(36,580,690)	(41,618,298)	(29,991,565)	(38,192,420)	
Net finance expense		(9,674,315)	(3,508,962)	(7,291,133)	(6,804,380)	
Profit before tax		85,465,084	127,133,725	31,669,489	73,271,540	
Tax expense	6.12	(14,373,778)	(19,615,008)	(2,843,435)	(12,692,493)	
Deferred tax	6.12	1,238,736	(2,301,094)	67,462	(329,818)	
Corporate income tax		(13,135,042)	(21,916,102)	(2,775,973)	(13,022,311)	
Net profit for the year		72,330,042	105,217,623	28,893,516	60,249,229	
Net profit for the year attributable to:						
Owners of the controlling company		68,951,312	102,053,555	28,893,516	60,249,229	
Non-controlling interest		3,378,730	3,164,068	-	-	
Basic and diluted earnings per share	6.13	35.19	51.19	14.02	29.22	

Other comprehensive income of the Petrol Group and Petrol d.d., Ljubljana

		The Petrol (Group	Petrol d.d.		
(in EUR)	Note	2020	2019	2020	2019	
Net profit for the year		72,330,042	105,217,623	28,893,516	60,249,229	
Effect of merger by absorption	6.14	-	-	0	0	
Effective portion of changes in the fair value of cash flow variability hedging	6.14	(128,073)	(4,122,726)	124,723	(4,045,459)	
Change in deferred taxes		21,805	782,546	(23,698)	768,638	
Change in the fair value of financial assets through other comprehensive income		0	742,921	0	742,921	
Change in deferred taxes		0	(141,155)	0	(141,155)	
Foreign exchange differences		(3,102,776)	(719,465)	-	-	
Other comprehensive income to be recognised in the statement of profit or loss in the future		(3,209,044)	(3,457,879)	101,025	(2,675,055)	
Attribution of changes in the equity of subsidiaries		0	(428,031)	-	-	
Change in deferred taxes		0	81,326	-	-	
Attribution of changes in the equity of associates		0	0	-	-	
Change in deferred taxes		0	0	-	-	
Total other comprehensive income to be recognised in the statement of profit or loss in the future		(3,209,044)	(3,804,584)	101,025	(2,675,055)	
Unrealised actuarial gains and losses		141,101	(637,371)	306,530	(637,371)	
Other comprehensive income not to be recognised in the statement of profit or loss in the future		141,101	(637,371)	306,530	(637,371)	
Attribution of changes in the equity of subsidiaries		0	0	-	-	
Attribution of changes in the equity of associates		0	0	-	-	
Total other comprehensive income not to be recognised in the statement of profit or loss in the future		141,101	(637,371)	306,530	(637,371)	
Total other comprehensive income after tax		(3,067,943)	(4,441,955)	407,555	(3,312,427)	
Total comprehensive income for the year		69,262,099	100,775,668	29,301,071	56,936,802	
Total comprehensive income attributable to:						
Owners of the controlling company		65,854,194	97,583,075	29,301,071	56,936,802	
Non-controlling interest		3,407,905	3,192,593	-	-	

Statement of financial position of the Petrol Group and Petrol d.d., Ljubljana

		The Petrol Group		Petrol	d.d.
(in EUR)	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
ASSETS					
Non-current (long-term) assets					
Intangible assets	6.15	194,646,631	197,730,548	161,533,797	163,983,284
Right-of-use assets	6.16	62,401,606	71,538,949	30,716,648	34,346,564
Property, plant and equipment	6.17	710,207,621	709,932,163	379,425,104	388,231,331
Investment property	6.18	17,522,012	16,831,304	13,551,882	16,364,192
Investments in subsidiaries	6.19	-	-	351,013,627	341,346,801
Investments in jointly controlled entities	6.20	562,016	610,273	233,000	233,000
Investments in associates	6.21	55,953,391	54,655,607	29,185,477	29,939,454
Financial assets at fair value through other comprehensive income	6.22	4,528,987	4,528,987	2,117,914	2,117,914
Financial receivables	6.23	2,680,471	5,017,649	58,124,422	31,876,297
Operating receivables	6.24	10,565,315	8,389,853	10,542,414	8,368,720
Deferred tax assets	6.12	9,906,032	9,234,009	6,912,005	6,868,241
		1,068,974,082	1,078,469,342	1,043,356,290	1,023,675,797
Current assets					
Inventories	6.25	169,933,758	175,690,478	87,530,630	128,429,794
Contract assets	6.28	1,949,652	1,819,842	3,276,761	2,095,457
Financial receivables	6.26	2,854,527	7,701,628	22,247,726	6,848,043
Operating receivables	6.27	366,441,439	474,132,118	237,718,876	320,561,369
Corporate income tax assets	6.12	3,426,549	912,629	6,317,590	2,375,278
Financial assets at fair value through profit or loss	6.29	11,316,982	529,911	11,262,235	394,078
Prepayments and other assets	6.30	78,506,510	78,607,712	27,371,876	23,597,572
Cash and cash equivalents	6.31	88,674,952	41,730,269	44,670,525	17,680,102
		723,104,369	781,124,587	440,396,219	501,981,693
Total assets		1,792,078,451	1,859,593,929	1,483,752,509	1,525,657,491

		The Petro	l Group	Petrol d.d.			
(in EUR)	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019		
EQUITY AND LIABILITIES							
Equity attributable to owners of the controlling company							
Called-up capital		52,240,977	52,240,977	52,240,977	52,240,977		
Capital surplus		80,991,385	80,991,385	80,991,385	80,991,385		
Legal reserves		61,987,955	61,987,955	61,749,884	61,749,884		
Reserves for own shares		4,708,359	4,708,359	4,708,359	4,708,359		
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)		
Other revenue reserves		316,057,569	314,675,779	338,449,102	339,100,447		
Fair value reserve		(753,447)	(894,548)	39,796,454	39,489,924		
Hedging reserve		(4,195,723)	(4,089,455)	(3,796,881)	(3,897,907)		
Foreign exchange differences		(9,126,807)	(5,994,856)	-	-		
Retained earnings		290,793,508	271,904,940	14,446,758	30,124,614		
		787,995,417	770,822,177	585,981,368	601,903,014		
Non-controlling interest		38,674,020	40,430,080	-	-		
Total equity	6.32	826,669,437	811,252,257	585,981,368	601,903,014		
Non-current liabilities							
Provisions for employee post-employment and other long-term benefits	6.33	9,438,977	8,889,711	8,293,721	8,025,061		
Other provisions	6.34	31,347,421	25,708,967	14,763,837	9,301,799		
Long-term deferred revenue	6.35	33,412,476	25,027,245	28,419,773	20,463,854		
Financial liabilities	6.36	303,431,060	287,757,788	282,866,603	282,126,997		
Lease liabilities	6.37	54,397,111	62,893,671	27,608,922	31,307,247		
Operating liabilities	6.38	727,182	942,817	727,182	792,582		
Deferred tax liabilities	6.12	3,985,700	2,841,976	0	0		
		436,739,927	414,062,175	362,680,038	352,017,540		
Current liabilities							
Financial liabilities	6.36	48,766,555	38,983,796	160,688,732	104,221,462		
Lease liabilities	6.37	10,069,352	9,718,871	4,259,323	3,500,072		
Operating liabilities	6.39	437,216,148	552,151,273	348,832,832	439,518,379		
Corporate income tax liabilities	6.12	1,966,916	1,243,357	0	0		
Contract liabilities	6.40	14,927,846	15,921,631	8,830,761	13,522,977		
Other liabilities	6.41	15,722,270	16,260,569	12,479,455	10,974,048		
		528,669,087	634,279,497	535,091,103	571,736,937		
Total liabilities		965,409,014	1,048,341,672	897,771,141	923,754,477		
Total equity and liabilities		1,792,078,451	1,859,593,929	1,483,752,509	1,525,657,491		

Statement of changes in equity of the Petrol Group

				Reserves for		
(in EUR)	Called-up capital	Capital surplus	Legal reserves	own shares	Own shares	
As at 1 January 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	
Dividend payments for 2018						
Transfer of a portion of 2018 and 2019 net profit						
Increase/(decrease) in non-controlling interest						
Transactions with owners	0	0	0	0	0	
Net profit for the current year						
Other changes in other comprehensive income						
Total changes in total comprehensive income	0	0	0	0	0	
As at 31 December 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	
As at 1 January 2020	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	
Dividend payments for 2019						
Transfer of a portion of 2019 and 2020 net profit						
Increase/(decrease) in non-controlling interest						
Transactions with owners	0	0	0	0	0	
Net profit for the current year						
Other changes in other comprehensive income						
Total changes in total comprehensive income	0	0	0	0	0	
As at 31 December 2020	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	

Other revenue reserves	Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
269,059,392	(512,238)	(749,275)	(5,246,866)	257,220,109	714,991,439	32,486,625	747,478,064
				(37,000,404)	(37,000,404)		(37,000,404)
50,368,320				(50,368,320)	0		0
(4,751,933)					(4,751,933)	4,750,862	(1,071)
45,616,387	0	0	0	(87,368,724)	(41,752,337)	4,750,862	(37,001,475)
				102,053,555	102,053,555	3,164,068	105,217,623
	(382,310)	(3,340,180)	(747,990)		(4,470,480)	28,525	(4,441,955)
0	(382,310)	(3,340,180)	(747,990)	102,053,555	97,583,075	3,192,593	100,775,668
314,675,779	(894,548)	(4,089,455)	(5,994,856)	271,904,940	770,822,177	40,430,080	811,252,257
314,675,779	(894,548)	(4,089,455)	(5,994,856)	271,904,940	770,822,177	40,430,080	811,252,257
(15,098,102)				(30,124,614)	(45,222,716)		(45,222,716)
19,938,130				(19,938,130)	0		0
(3,458,238)					(3,458,238)	(5,163,965)	(8,622,203)
1,381,790	0	0	0	(50,062,744)	(48,680,954)	(5,163,965)	(53,844,919)
				68,951,312	68,951,312	3,378,730	72,330,042
	141,101	(106,268)	(3,131,951)		(3,097,118)	29,175	(3,067,943)
0	141,101	(106,268)	(3,131,951)	68,951,312	65,854,194	3,407,905	69,262,099
316,057,569	(753,447)	(4,195,723)	(9,126,807)	290,793,508	787,995,417	38,674,020	826,669,437

Statement of changes in equity of Petrol d.d., Ljubljana

			Revenue reserves			
			Legal	Reserves for		
(v EUR)	Called-up capital	Capital surplus	reserves	own shares		
As at 1 January 2019	52,240,977	80,991,385	61,749,884	4,708,359		
Dividend payments for 2018						
Transfer of a portion of 2019 net profit				0		
Transactions with owners	0	0	0	0		
Net profit for the current year						
Other changes in other comprehensive income						
Total changes in total comprehensive income	0	0	0	0		
As at 31 December 2019	52,240,977	80,991,385	61,749,884	4,708,359		
As at 1 January 2020	52,240,977	80,991,385	61,749,884	4,708,359		
Dividend payments for 2019						
Transfer of a portion of 2020 net profit						
Transactions with owners	0	0	0	0		
Net profit for the current year						
Other changes in other comprehensive income						
Total changes in total comprehensive income	0	0	0	0		
As at 31 December 2020	52,240,977	80,991,385	61,749,884	4,708,359		
Accumulated profit for 2020						

				Revenue reserves	
	Retained	Hedging	Fair value	Other revenue	Own
Total	earnings	reserve	reserve	reserves	shares
581,966,615	50,296,118	(621,084)	39,525,529	295,680,118	(2,604,670)
(37,000,404)	(37,000,404)				
0	(43,420,331)			43,420,331	
(37,000,404)	(80,420,735)	0	0	43,420,331	0
60,249,229	60,249,229				
(3,312,427)		(3,276,822)	(35,605)	0	
56,936,802	60,249,229	(3,276,822)	(35,605)	0	0
601,903,014	30,124,614	(3,897,907)	39,489,924	339,100,447	(2,604,670)
601,903,014	30,124,614	(3,897,907)	39,489,924	339,100,447	(2,604,670)
(45,222,716)	(30,124,614)			(15,098,102)	
0	(14,446,758)			14,446,758	
(45,222,716)	(44,571,372)	0	0	(651,344)	0
28,893,516	28,893,516				
407,555		101,025	306,530		
29,301,071	28,893,516	101,025	306,530	0	0
585,981,368	14,446,758	(3,796,881)	39,796,454	338,449,102	(2,604,670)
45,355,156	14,446,758			30,908,398	

Statement of cash flows of the Petrol Group and Petrol d.d., Ljubljana

		The Petrol	Group	Petrol (i.d.
(in EUR)	Note	2020	2019	2020	2019
Net profit		72,330,042	105,217,623	28,893,516	60,249,229
Adjustment for:					
Corporate income tax	6.12	13,135,042	21,916,102	2,775,973	13,022,311
Depreciation of property, plant and equipment, investment property and right-of-use assets	6.7	63,059,359	58,698,157	38,558,286	35,908,187
Amortisation of intangible assets	6.7	11,934,808	10,188,513	8,642,941	8,431,448
(Gain)/loss on disposal of property, plant and equipment	6.3, 6.8	582,616	(504,298)	730,389	(485,648)
Impairment, write-down/(reversed impairment) of assets	6.8	16,207,510	0	4,383,807	0
Revenue from assets under management	6.36	(65,414)	(65,414)	(65,414)	(65,414)
Net (decrease in)/creation of provisions for long-term employee benefits	6.33	823,869	756,473	575,192	736,941
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.34, 6.35	13,942,671	(2,392,548)	13,417,957	(114,955)
Net goods surpluses	6.8	520,368	(2,590,453)	206,820	(1,620,075)
Net (decrease in)/creation of allowance for receivables	6.11	1,703,513	(1,440,420)	(1,097,308)	1,229,989
Net finance (income)/expense	6.11	4,392,056	6,533,441	3,982,897	7,215,006
Impairment of investments and of goodwill	6.11	3,641,563	0	4,584,965	0
Share of profit of jointly controlled entities	6.10	(124,978)	(192,568)	0	0
Share of profit of associates	6.10	(3,383,812)	(2,356,037)	0	0
Finance income from dividends received from subsidiaries	6.10	0	0	(2,099,062)	(820,542)
Finance income from dividends received from jointly controlled entities	6.10	0	0	(172,935)	(150,000)
Finance income from dividends received from associates	6.10	0	0	(1,328,680)	(1,204,194)
Cash flow from operating activities before changes in working capital		198,699,213	193,768,571	101,989,344	122,332,283
Net (decrease in)/creation of other liabilities	6.41	(466,635)	(8,542,723)	1,505,407	1,695,280
Net decrease in/(creation of) other assets	6.30	184,008	5,445,811	(812,780)	1,055,749
Change in inventories	6.25	(2,587,632)	(34,668,144)	40,692,344	(25,372,974)
Change in operating and other receivables and contract assets	6.27, 6.28	101,121,650	40,828,667	72,559,436	90,636,069
Change in operating and other liabilities and contract liabilities	6.39, 6.40	(110,027,363)	39,603,927	(89,066,535)	22,521,708
Cash generated from operating activities		186,923,241	236,436,109	126,867,216	212,868,115
Interest paid	6.11	(8,477,858)	(13,712,691)	(7,033,413)	(11,992,744)
Taxes paid	6.12	(15,866,256)	(27,720,687)	(6,759,102)	(23,094,308)
Net cash from (used in) operating activities		162,579,127	195,002,731	113,074,701	177,781,063

		The Petrol Group		Petrol d.d.		
(in EUR)	Note			2020	2019	
Cash flows from investing activities						
Payments for investments in subsidiaries	6.19	(12,741,490)	(2,600,714)	(13,208,987)	(9,893,633)	
Receipts from investments in subsidiaries	6.19	116,875	0	0	0	
Payments for investments in jointly controlled entities	6.20	0	(64,190)	0	(64,190)	
Payments for investments in associates	6.20	0	(2,575,000)	0	(2,575,000)	
Receipts from investments in associates	6.21	753,977	0	753,977	0	
Receipts from intangible assets	6.15	203,276	189,380	203,229	186,350	
Payments for intangible assets	6.15	(10,596,165)	(18,336,216)	(8,523,416)	(9,357,017)	
Receipts from property, plant and equipment	6.17	4,375,850	3,803,034	1,818,714	3,022,547	
Payments for property, plant and equipment	6.17	(79,630,464)	(119,657,967)	(41,221,462)	(76,864,303)	
Receipts from investment property	6.18	241,532	244,628	241,530	244,628	
Receipts from financial assets at fair value through other comprehensive income	6.22	419,612	5,208,928	419,612	83,928	
Receipts from loans granted	6.23, 6.26	14,044,121	4,289,319	53,759,636	20,549,165	
Payments for loans granted	6.23, 6.26	(10,555,021)	(7,957,622)	(96,208,419)	(36,267,706)	
Interest received	6.11	3,504,458	4,022,162	2,915,144	2,931,065	
Dividends received from subsidiaries	6.10	0	0	2,099,062	820,542	
Dividends received from jointly controlled entities	6.10	172,934	150,000	172,934	150,000	
Dividends received from associates	6.10	1,328,681	1,204,194	1,328,681	1,204,194	
Dividends received from others	6.10	139,321	227,924	29,321	117,924	
Net cash from (used in) investing activities		(88,222,503)	(131,852,140)	(95,420,444)	(105,711,506)	
Cash flows from financing activities						
Payments for bonds issued	6.36	0	(203,524,000)	0	(203,524,000)	
Payments for right-of-use assets	6.37	(8,997,712)	(9,724,856)	(3,194,615)	(3,580,075)	
Proceeds from borrowings	6.36	835,261,103	374,789,499	1,090,169,633	836,636,170	
Repayment of borrowings	6.36	(808,314,348)	(205,785,576)	(1,032,414,899)	(675,907,229)	
Dividends paid to shareholders	6.32	(45,223,953)	(37,001,292)	(45,223,953)	(37,001,292)	
Net cash from (used in) financing activities		(27,274,910)	(81,246,225)	9,336,166	(83,376,426)	
Increase/(decrease) in cash and cash equivalents		47,081,714	(18,095,634)	26,990,423	(11,306,869)	
Changes in cash and cash equivalents						
At the beginning of the year		41,730,269	58,740,743	17,680,102	28,986,973	
Foreign exchange differences		(138,742)	(7,394)	0	0	
Cash acquired through acquisition of companies		1,711	1,092,554	0	0	
Increase/(decrease)		47,081,714	(18,095,634)	26,990,423	(11,306,869)	
At the end of the year		88,674,952	41,730,269	44,670,525	17,680,102	

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Petrol d.d., Ljubljana (hereinafter the "Company") is a company domiciled in Slovenia. Its registered office is at Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the year ended 31 December 2020 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2020. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group's interests in associates and jointly controlled entities (together referred to as the "Group"). A more detailed overview of the Group's structure is presented in chapter Companies in the Petrol Group of the business report.

2. Basis of preparation

a. Statement of compliance

The Company's management approved the Company's financial statements and the Group's consolidated financial statements on 4 March 2021.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of the IFRS Interpretations Committee, also adopted by the EU, and the Companies Act.

b. Basis of measurement

The Group's and the Company's financial statements have been prepared on the historical cost basis except for the financial instruments that are carried at fair value or amortised cost.

c. Functional and presentation currency

These financial statements are presented in euros (EUR) without cents, the euro also being the Company's functional currency. Due to rounding, some immaterial differences may arise as concerns the sums presented in the tables. The financial statements provide comparative information in respect of the previous period.

d. Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and judgements based on the assumptions used and reviewed that affect the reported amounts of assets, liabilities, revenue and expenses. How

the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgement and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

Leases

The Group/Company applied the following accounting judgements that significantly affect the determination of the amount of right-of-use assets and lease liabilities:

- · Identifying a lease
 - A contract is identified as a lease if it gives the Group/ Company the right to control a leased asset. The Group/ Company controls the asset if it can use the asset and has the right to obtain economic benefits from the use of the asset.
- Determining the lease term
- The Group/Company determines the lease term as the non-cancellable period of a lease, together with both:

 a) the period covered by an option to extend the lease, if it is reasonably certain that this option is going to be exercised;
- b) the period covered by an option to terminate the lease, if it is reasonably certain that this option is not going to be exercised.
- In most cases, the lease term is stipulated in the contract. When the term is not specified, the Group/Company estimates the lease term by considering the assessment of the need to use the asset, taking into account its plans and the long-term business direction.
- Determining the discount rate
 - The discount rate equals the interest rate at which the Group/Company is able to obtain comparable funds with comparable maturity in the market.

Revenue from contracts with customers

The Group/Company applied the following accounting judgements that significantly affect the determination of

the amount and recognition of revenue from contracts with customers:

Treatment of excise duty when selling petroleum products

The Group/Company accounts for excise duty when purchasing petroleum products, charging it to the end customer when a sale is made. In the financial statements, excise duty is not carried as part of revenue or cost, in conformity with these accounting policies. The Group/Company used to carry excise duty as part of revenue. Following a reassessment exercise in 2020, the duty is no longer considered as part of revenue.

Determining the timing of satisfaction of performance obligations

Revenue from the sale of goods and services is recognised by the Group/Company in full upon sale, except for instalment sales. As of the sale, the Group/Company no longer has control of the goods or services sold.

In instalment sales, the Group/Company recognises separately revenue from the sale of goods and finance income deferred over the entire financing period.

Sale in the name and for the account of third parties
The Group/Company has concluded contracts on the sale of merchandise in the name and on behalf of suppliers. It provides customers goods delivery in the scope of these contracts. The Group/Company determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct their use or obtain any benefits. In addition, the Group/Company is not exposed to inventory risk before or after the goods have been transferred to the customer as it purchases equipment only upon approval of the customer and can return the unsold goods to the supplier.

The Group/Company has no discretion in establishing the price for the specified goods that it sells in the name and on behalf of third parties. The consideration it receives as an intermediary is agreed in advance as the difference between the final selling price and the cost, where both are negotiated with the supplier in advance.

· Determining whether the loyalty points provide additional benefits to customers

The Group/Company operates a loyalty points programme, which includes all customers who are holders of the Petrol Club card. The Group/Company offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. The Group/Company established that the points represent additional benefits for the customer which would not have existed if the customer had not had the Petrol Club card. As some of the discounts can be used in the following year, the Group/Company defers them to match its revenue with the expenses incurred to generate the revenue.

Allocating assets or part of the assets to investment property

When the Group/Company uses property in part for the performance of own activities and partly to be leased out, and the part intended to be leased out can be sold

separately or leased under a finance lease, then the part intended to be leased out is accounted for separately as investment property if its value exceeds 5 percent of the property value.

Business combinations

The Group/Company applied the following accounting judgements that significantly affect the recognition and measurement of effects of business combinations:

· Defining a business combination

The Group/Company defines a business transaction as a business combination by assessing criteria the fulfilment of which proves that assets and liabilities acquired in a business transaction constitute a business, with the Group/Company controlling these assets once the transaction has been completed.

· Net asset value recognition date

In its financial statements, the Group/Company recognises the assets and liabilities acquired in a business combination on the date when controlling influence is exercised over the acquired assets/liabilities.

Since the completion of a transaction involving a business combination is subject to fulfilment of purchase and sale terms and conditions, the Group/Company assesses their fulfilment and its control over the business and cash flows of the acquired company as at reporting date

· Estimating the fair value of net assets

The fair value of net asset value is measured as the difference between the fair values of assets and liabilities determined by the Group/Company using valuation techniques and market assumptions.

Estimating the useful lives of depreciable assets (Notes 6.15 and, 6.16, 6.17 and 6.18, Policies 3.e, and 3.f and 3.h)

When estimating the lives of assets, the Group/Company takes into account the expected physical wear and tear, the technical and economic obsolescence as well as expected legal restrictions and other restrictions of use. In addition, the Group/Company checks the useful life of significant assets in case circumstances change and the useful life needs to be changed and depreciation charges revalued.

Asset impairment testing

Information on significant uncertainty estimates and critical judgements that were prepared by the management in the process of accounting policy implementation and which affect the amounts in the financial statements the most was used in the estimation of the value of:

- · investment property (Note 6.18),
- · goodwill (Note 6.15),
- · investments in subsidiaries (Note 6.19),
- · investments in jointly controlled entities and associates (Notes 6.20 and 6.21),
- · financial assets at fair value through other comprehensive income (Note 6.22),
- · financial receivables (Note 6.23),
- financial assets and financial liabilities at fair value through profit or loss (Note 6.29).

Parameters/assumptions applied in assessing asset values

The Group/Company assesses the value of its assets by:

- discounting future free cash flows based on future expectations and assumptions as follows:
 - i. Future cash flows: reflect expected demand for goods and are based on long-term financial plans approved by the Group's management. Financial plans are prepared by analysing past periods and by taking into account future development scenarios.
 - ii. Discount rate: reflects the weighted average cost of capital and is calculated on the value assessment date based on a risk-free interest rate plus margins reflecting the risk of an asset.
 - iii. Long-term growth rate: reflects the expected longterm growth of cash flows subsequent to the projection period and is assessed based on a company's past operations and future macroeconomic developments.
- using the market approach, which is based on the values of economic categories of comparable companies as at value assessment date.

Estimation of the fair value of assets (Notes 6.22 and 6.29)

Fair value is used for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and for derivatives. All other items in the financial statements represent the cost or amortised cost.

In measuring the fair value of a non-financial asset, the Group/Company must take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group/Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs. All assets and liabilities measured and disclosed in the financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:

Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities

Level 2 - valuation techniques that are based directly or indirectly on market data

Level 3 – valuation techniques that are not based on market data.

For assets and liabilities disclosed in the financial statements in previous periods, the Group/Company determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy of assets and liabilities of the Group/Company is presented in Note 7.7, whereas the guidelines for individual items in the financial statements are given in Point 3.p.

Estimation of the influence in jointly controlled entities

The Group/Company regularly checks if a change of influence has occurred in jointly controlled entities and associates, thus ensuring that the investments are appropriately treated in the financial statements. The existence of significant influence by an investor is evidenced particularly in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the Group/Company investee;
- participation in policy-making processes, including participation in decisions about dividends;
- material transactions between the investor and the Group/Company investee.

Estimate of provisions for lawsuits (Notes 6.34 and 9)

There are several lawsuits that have been filed against Group companies, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, companies have a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes. When assessing the existence and amount of contingent liabilities, the Group's management relies on expert opinions provided by external lawyers who represent the Company in legal disputes and, where necessary, on opinions provided by international legal experts. Provisions for lawsuits contain a significant degree of uncertainty, and actual settlement can differ considerably from the current estimate.

Estimate of provisions for partial non-compliance in the area of renewables (Note 6.34)

The Group's/Company's other provisions include provisions for partial non-compliance in the area of renewables in transport (Decree on renewable energy sources in transport). The provisions were estimated by considering all relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate as to how likely is the outflow of economic benefits from the Group/Company.

Estimate of provisions for employee post-employment and other long-term benefits (Note 6.33)

Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management.

An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimation and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

The assumptions are detailed in Note 6.33.

Assessing the possibility of using deferred tax assets

The Group/Company recognises deferred tax assets in connection with provisions for jubilee benefits and postemployment benefits on retirement, impairment of financial assets, impairment of receivables and tax losses.

On the day the financial statements are completed, the Group/Company verifies the amount of disclosed deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profits will be available against which deferred tax assets can be utilised in the future. Deferred taxes are decreased by the amount for which it is no longer probable that tax breaks associated with the asset can be utilised.

e. Changes in accounting policies

The Group/Company did not change its accounting policies in 2020.

f. Change of financial statement presentation

The Group/Company did not change its accounting policies in 2020.

3. Significant accounting policies of the Group

The Group and Group companies applied the accounting policies set out below consistently to all periods presented in these financial statements.

Except for the newly adopted standards and interpretations specified below, the accounting policies used herein are the same as in the previous annual report.

Newly adopted standards and interpretation, for the Group and the Company, effective as of 1 January 2020

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The IASB also issued a separate accompanying document, Amendments to References to the

Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments did not have a material impact on the financial statements of the Group/Company.

Amendments to IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'

The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Amendments to IFRS 3: Business Combinations

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments did not have a material impact on the financial statements of the Group/Company.

Amendments to IFRS 3: Business Combinations

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments did not have a material impact on the financial statements of the Group/Company.

Amendments to Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the

replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR).

The amendments did not have a material impact on the financial statements of the Group/Company.

Amendments to IFRS 16: Leases - Covid 19 Related Rent Concessions

The IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendments did not have a material impact on the financial statements of the Group/Company.

a. Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the controlling company and of its subsidiaries.

Business combinations

Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. Control is the power to govern financial and operating policies of a company so as to obtain benefits from its activities. In the consolidated financial statements, acquired assets and liabilities are recognised at fair value as at the acquisition date. The excess of the consideration over the net fair value of the acquired assets is presented as goodwill as part of intangible fixed assets.

The Group measures goodwill at the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any pre-existing equity interest in the acquiree (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all

measured as at the acquisition date. Subsequent measurement of goodwill is specified in Point e. When the excess is negative, the effect is recognised immediately in profit or loss as negative goodwill.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination are expensed as incurred.

Any contingent liabilities arising from business combinations are recognised at fair value as at the acquisition date. If a contingent liability is classified as equity, then it is not remeasured and settlement is accounted for within equity. Subsequent changes in the fair value of the contingent liability are recognised in profit or loss. A contingent liability which constitutes a financial instrument and is classified as an asset or a liability is measured at fair value, and changes in the fair value are reported in profit or loss.

Accounting for acquisitions of non-controlling interests

The Group accounts for acquisitions of non-controlling interests that do not involve the change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any surpluses or the difference between the costs of additional investments and the carrying amount of assets are recognised in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when:

- an investor is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee;
- · there is a link between power and return.

The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

The existence of control is determined when an investment is acquired and when financial statements are prepared. On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently, the interest is accounted for as an investment in an associate (using the equity method) or as a financial asset available for sale, depending on the level of influence retained. Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions (i.e. transactions with owners) in other revenue

reserves. If a Group-controlled company is absorbed, the difference between the investment and the net value of acquired assets is recognised in other revenue reserves, taking into account goodwill, if any.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for financial and operating decisions. Investments in associates and jointly controlled entities are initially recognised at cost, but are subsequently accounted for using the equity method. The Group's consolidated financial statements include the Group's share of the profit and loss of equity accounted jointly controlled entities, after adjustments to align the accounting policies, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate or a jointly controlled entity exceeds its interest in such an entity, the carrying amount of the Group's interest is reduced to zero and the recognition of further losses is discontinued.

Transactions eliminated from consolidated financial statements

Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

b. Foreign currency translation Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

Financial statements of Group companies

The Group's consolidated financial statements are presented in euros. Line items of each Group company that are included in the financial statements are translated, for the purpose of preparing consolidated financial statements, to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented, including goodwill, are translated at the ECB exchange rate at the reporting date;
- · revenue and expenses of foreign operations are converted to euros at exchange rates applicable at the transaction date.

Foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange difference is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control, significant influence or joint control is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss or as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial assets

The Group's financial assets include cash and cash equivalents, receivables and loans, and investments. The Group's investments include investments in jointly controlled entities, investments in associates and investments in financial instruments. The accounting policies for investments in jointly controlled entities and associates are presented in Point a

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, the Group's financial instruments are classified into one the following categories: financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification depends on the selected asset management business model and on whether the Group's contractual cash flows

from financial instruments are solely payments of principal and interest on the principal amount outstanding. With the exception of operating receivables that do not have a significant financing component, the Group's financial assets are upon initial recognition measured at fair value plus transaction costs. Operating receivables that do not have a significant financing component are measured at transaction price determined according to the provisions of IFRS 15. See Revenue from contracts with customers, Point m of the accounting policies.

The impairment of financial assets is detailed in Point j1.

c1. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

c2. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss and financial assets to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets that generate cash flows and are not solely payments of principal and interest are classified and measured at fair value through profit or loss irrespective of the business model.

In the statement of financial position, financial assets at fair value through profit or loss are measured at fair value, including net changes therein which are recognised in profit or loss.

This category also includes derivatives and listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as other revenue in the statement of profit or loss when the Group's right of payment has been established.

The Group's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

c3. Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Group under its business model for collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and for sale.

The Group's debt instruments at fair value through other comprehensive income comprise listed bond investments that are recognised under other non-current investments.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange differences and impairment losses or reversals are recognised in the statement of profit or loss and accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

c4. Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 Financial Instruments for which the Group elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the Group's right of payment has been established.

The Group elected to classify irrevocably its non-listed equity investments under this category.

c5. Financial assets at amortised cost

The Group's financial assets at amortised cost include financial assets held under its business model in order to collect contractual cash flows when the cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets at amortised cost include loans, receivables and non-listed debt securities. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or noncurrent financial assets (maturity of more than 12 months from the date of the statement of financial position). Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when reversed, changed or impaired.

c6. Financial liabilities

The Group's financial liabilities include liabilities arising from debt securities issued and loans received. Upon initial recognition, they are classified as financial liabilities at fair value through profit or loss, loans received or operating liabilities. The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Group

becomes a party to the contractual provisions of the instrument. Except for the loans received, all financial liabilities are initially recognised at fair value. The loans received are measured at amortised cost using the effective interest rate method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or noncurrent financial liabilities (maturity of more than 12 months from the date of the statement of financial position). Upon the derecognition of a financial liability and amortisation using the effective interest rate method, all gains or losses are recognised in the statement of profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

c7. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Group is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Group has the following derivative financial instruments:

Forward contracts

The Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of outstanding forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as finance income or expenses.

Commodity derivative financial instruments

When petroleum products, natural gas and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity derivatives. The Group uses commodity derivatives for trading, as laid down in its strategy and its electricity trading policy.

The fair value of outstanding commodity derivatives as at the date of the statement of financial position is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in operating profit or loss as other income or expenses.

Interest rate swaps and collars

Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

Commodity forward contracts

Under IFRS 9, commodity forward contracts the purpose of which is not physical purchase or delivery of goods, their fulfilment leading to physical settlement only, are treated as a financial instrument and are recognised and measured in accordance with IFRS 9.

Forward purchase and sale transactions concluded to ensure physical settlement of goods are treated outside the scope of IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure physical delivery of goods, provided that the following conditions are met:

- physical delivery of goods takes place based on the contract,
- the quantities sold or purchased are consistent with the Group's business needs,
- the contract is binding and cannot be considered as optional.

As commodity forward contracts do not meet the above conditions, the Group treats them as financial instruments. In the financial statements, revenue from the sale of goods and the cost of goods sold arising from commodity forward transactions are recognised at fair value. Outstanding commodity forward contracts are restated to fair value at each balance-sheet date, and the effects of their restatement to fair value are recognised in the statement of profit or loss as other operating revenue or expenses.

d. Equity

Called-up capital

The called-up capital of the controlling company Petrol d.d. takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for the preparation of the annual report or by means of a resolution of this body.

Fair value reserve

The fair value reserve comprises the effects of valuing financial assets at fair value through other comprehensive income and actuarial gains and losses related to the provisions for employee post-employment and other long-term benefits.

Hedging reserve

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

e. Intangible assets Goodwill

The Group's goodwill is the result of business combinations. For the measurement of goodwill upon initial recognition, see Point a.

Goodwill is measured at cost less any accumulated impairment losses. In the case of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, but the impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investment.

Subsequent to initial recognition, the Group checks annually for factors which could adversely affect the future cash flows of a cash-generating unit acquired in a business combination. In the financial statements, a decrease in the value of a cash-generating unit is recognised as the impairment of goodwill or of the assets of a cash-generating unit. It is charged to current profit or loss.

Right to use concession infrastructure

The Group recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Group capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure

Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2020	2019
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	10.00-33.33	10.00-33.33
Contracts with customers	20.00	20.00
Other rights	3.33-20.00	3.33-20.00

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is detailed in Point j2.

f. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2020	2019
Buildings:		
Buildings at service stations	2.50-10.00	2.50-10.00
Above-ground and underground reservoirs	2.85-50.00	2.85-50.00
Underground service paths at service stations	5.00-14.30	5.00-14.30
Other buildings	1.43-50.00	1.43-50.00
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00–25.00	10.00–25.00
Gas station equipment	3.33-20.00	3.33-20.00
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Motor vehicles	10.00-25.00	10.00-25.00
Freight cars, rail tankers	25.00	25.00
Computer hardware	15.00-25.00	15.00-25.00
Office equipment, furniture	6.70–16.10	6.70–16.10
Drobni inventar:	33.33	33.33
Environmental fixed assets:	4.00-25.00	4.00-25.00

Residual values and useful lives of an asset are reviewed annually and adjusted if necessary.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is detailed in Point j2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point I.

g. Investment property

Investment property is property held by the Group either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. The impairment of assets is detailed in Point j2.

The Group considers as investment property all property held by the Group that is fully or partially leased out to third parties. The Group's consideration takes into account the intended use of the property and the long-term goals pursued.

The value of the property that is leased out as a whole is recognised as investment property based on separate records. The parts of the property that are leased out and constitute an integral part of the property used for the performance of core activities is recognised as investment property based on the proportion of leased out surface area if exceeding 5 percent of the property value.

h. Leases

The Group holds various items of business property (land, business premises and buildings), equipment and cars under a lease. Lease conditions are subject to negotiation on a case-by-case basis and vary depending on the term and type of a lease. The Group assesses at contract inception whether a contract is, or contains, a lease. That is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term based on the noncancellable period of a lease, taking into account the period covered by an option to extend the lease and the period covered by an option to terminate the lease. The Group also assesses the probability of the above options.

The term of a lease depends on the type of the leased asset and range:

- · from 5 to 50 years for land,
- · from 5 to 20 years for business premises and buildings,
- · from 1 to 10 years for equipment,
- · from 3 to 6 years for cars.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. With regard to the leases of low-value assets and short-term leases, the Group records lease payments as an expense for the period to which a lease relates.

For all other leases, the Group has recognised lease liabilities and right-of-use assets.

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initially, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation rates of right-of-use assets are as follows:

(in %)	2020	2019
Rights of use		
Lands	35.00-80.00	35.00-80.00
Buildings	5.00-50.00	5.00-50.00
Equipment	30.00-60.00	30.00-60.00
Motor vehicles	20.00-33.00	20.00-33.00

If ownership of the leased asset transfers to the Group at the end of the lease term or the Group exercises a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Point k) Impairment of assets.

Lease liabilities are recognised at the present value of lease payments to be made over the lease term, which corresponds to a discounted value of lease payments to be paid by the Group over the lease term under the lease contract while also taking into account the Group's borrowing rate. The lease payments include fixed payments, less any lease incentives receivables, and variable lease payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group has recognised its lease liabilities in item lease liabilities, as disclosed in Point e.

At lease inception, lease liabilities correspond to the value of right-of-use assets and begin to decrease as lease payments are made, with the value of right-of-use assets decreasing in line with the depreciation charge over the lease term. Depreciation rates are estimated by taking into account the term of a lease. Interest expense is charged to finance expenses for the period.

Short-term leases and leases of low-value assets

The Group applies the exemption to short-term lease recognition (i.e. to leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. The Group recognises lease payments on short-term leases and leases of low-value assets as expense on a straightline basis over the lease term.

i. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value. The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The moving average price method is used to assess the use of inventories.

j. Impairment

j1. Financial assets

In accordance with IFRS 9, the Group made a transition from the incurred loss model to the expected loss model based on which the Group recognises not only incurred losses but also expected future losses.

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group for which the Group granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted

The Group considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Impairment assessment is based on expected credit losses (ECLs) linked to a default on receivables and loans that is possible within the next 12 months, unless there has been a significant increase in credit risk since initial recognition. In such case, the impairment assessment is determined

based on the probability of default over the lifetime of the financial asset (LECL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected cash flows will include cash flows from the sale of collateral.

Impairments for ECLs are assessed in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, impairments for ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Group recognises a loss allowance for losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The Group considers a financial asset to be in default when contractual payments are 60 days past due. However, in certain cases the Group may also consider the credit risk to be higher when information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of loss allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Group evaluates evidence about the impairment of loans individually for each significant loan.

Impairment of financial assets at fair value through other comprehensive income

Impairment losses on financial assets at fair value through other comprehensive income are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

Debt instruments at fair value through other comprehensive income consist solely of listed sovereign bonds classified as low credit risk investments. Under the policy selected, the Group measures expected credit losses on such instruments on a yearly basis. When there has been a significant increase in credit risk since recognition, the Group recognises a loss allowance based on the lifetime expected credit losses.

i2. Non-financial assets

The Group reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss. Impairment losses recognised in respect of a cash generating unit are allocated so as to first reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In the case of points of sale, the Group identified the point-of-sale network per country as a cash-generating unit and consequently also checks for indications of impairment at the level of the point-of-sale network rather than at the level of individual points of sale. Based on an analysis of interdependence of individual points of sale, the Group determined that identifying the point-of-sale network in an individual country as a cash-generating unit was the most appropriate approach.

An impairment loss on goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

Goodwill that forms part of the carrying amount of an equity accounted investment in an associate or jointly controlled entity is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k. Provisions

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provisions is determined as the present value of payments that the Group will be expected to make based on the contracts it has concluded and applicable legislation. To determine the amount, the Group relies on actuarial methods and on opinions provided by legal experts.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits

Pursuant to the law, the collective agreement and the internal rules, the Group is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations

The business cooperation agreements entered into by Group companies with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of Group company employees.

The contractual obligation of Group companies to reimburse the costs arising from such rights to service station

managers represents a basis for the recognition of long-term provisions. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for lawsuits

There are several lawsuits that have been filed against Group companies, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, companies have a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes.

Provisions for onerous contracts

The Group creates provisions for onerous contracts when the market situation causes the costs of meeting contractual obligations to exceed the expected economic benefit of long-term contracts.

The provisions are determined based on estimated purchasing and selling price levels and quantities, taking into account the costs to sell and general and administrative costs.

The Group determines the amount of the provisions based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities, taking into account the utilisation rate of transmission capacities. The provisions created by the Group for long-term contracts for the leasing of transmission and storage capacities cover the entire contract period.

I. Long-term deferred revenue

Government and other subsidies received to cover costs are recognised as a decrease in corresponding costs. Subsidies received as a compensation for assets are

recognised strictly as revenue over the periods in which the costs that they are intended to compensate are incurred. The revenue, or the decrease in costs, is recognised when it can be reasonably expected it will result in receipts or where it is sufficiently certain that no unfulfilled conditions exist.

Long-term deferred revenue

Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers and storage facilities. Environmental assets, presented as part of the Group's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubliana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue

m. Revenue from contracts with customers

Revenue from contracts with customers is recognised once control of goods or services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recorded when the customer obtains control of the goods or benefits from the services rendered.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Group delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured. As of the sale, the Group no longer has control of the goods or services sold. Revenue from the sale of goods does not include duties paid upon the purchase and duties paid upon the sale of the goods.

Gains on commodity forward contracts are also recognised as revenue from the sale of goods.

Sale of services

A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the

balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Loyalty scheme

The Group offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Group defers them to match its revenue with the expenses incurred to generate the revenue.

Instalment sales

In instalment sales, the Group recognises separately revenue from the sale of goods and finance income deferred over the entire contract term. Finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Group based on the sale.

Sale in the name and for the account of third parties

The Group has entered into contracts with customers for the sale of merchandise in the name and on behalf of suppliers. Based on these contracts, the Group delivers goods to customers, receiving in exchange the difference between the final selling price and the cost negotiated in advance. The difference is recognised as sales revenue.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Group's contract assets include accrued revenue from goods and services delivered to customers.

Trade receivables

A receivable is the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). See accounting policies on the recognition of financial assets in the section Financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration. The Group's contract liabilities include the liabilities from collaterals received, the loyalty scheme and granted discounts. Contract liabilities are recognised as revenue when the Group satisfies its performance obligation.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration estimated by the Group at contract inception as constrained remains constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur. Variable consideration refers to volume rebates granted to customers.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

n. Finance income and expenses

Finance income comprises interest income on financial assets, gains on the disposal of financial assets at fair value through other comprehensive income, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, loss allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

o. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is reported in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the separate financial statements of Group companies. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p. Determination of fair value

A number of the Group's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Group uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or the market is considered as inactive, the Group uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Group.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

Property, plant and equipment

The fair value of property, plant and equipment is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on market prices for similar items.

Investment property

The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories

The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined by reference to the above fair value hierarchy for financial instruments.

Receivables and loans granted

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity derivatives equals their market price as at the reporting date, which is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions.

Non-derivative financial liabilities

For reporting purposes, fair value is calculated using the present value of future payments of the principal and interest, discounted at the market rate of interest at the end of the reporting period.

q. Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the

Group has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

r. Operating segments

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses that relate to transactions with any of the Group's other components.

Segments differ from one another in terms of risks and returns. Their results are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

The Group uses the following segments in the preparation and presentation of its financial statements:

- · sales,
- · energy and environmental solutions, and production.

s. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2019 and 31 December 2020 and data derived from the statement of profit or loss for the period January to December 2020. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

4. Significant accounting policies of the Company

The Company applied the accounting policies set out below consistently to all periods presented in these financial statements.

a. Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

b. Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost. The Company recognises income from an investment only to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition.

The impairment of financial assets is detailed in Point k1.

Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities at cost.

The impairment of financial assets is detailed in Point k1.

d. Financial assets

The Company's financial assets include cash and cash equivalents, receivables and loans, and investments. The Company's investments include investments in jointly controlled entities, investments in associates and investments in financial instruments. The accounting policies for investments in subsidiaries, jointly controlled entities and associates are presented in Points b and c.

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial instruments

Upon initial recognition, the Company's financial instruments are classified into one the following categories: financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification depends on the selected asset management business model and on whether the Company's contractual cash flows from financial instruments are solely payments of principal and interest on the principal amount outstanding. With the exception of operating receivables that do not have a significant financing component, the Company's financial assets are upon initial recognition measured at fair value plus transaction costs. Operating receivables that do not have a significant financing component are measured at transaction price determined according to the provisions of IFRS 15. See Revenue from contracts with customers, Point n of the accounting policies.

The impairment of financial assets is detailed in Point k1.

d1. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

d2. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss and financial assets to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets that generate cash flows and are not solely payments of principal and interest are classified and measured at fair value through profit or loss irrespective of the business model.

In the statement of financial position, financial assets at fair value through profit or loss are measured at fair value, including net changes therein which are recognised in profit or loss.

This category also includes derivatives and listed equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the Company's right of payment has been established.

d3. Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Company under its business model for collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and for sale.

The Company's debt instruments at fair value through other comprehensive income comprise listed bond investments that are recognised under other non-current investments.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange differences and impairment losses or reversals are recognised in the statement of profit or loss and accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

d4. Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 Financial Instruments for which the Company elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the Company's right of payment has been established.

The Company elected to classify irrevocably its non-listed equity investments under this category.

d5. Financial assets at amortised cost

The Company's financial assets at amortised cost include financial assets held under its business model in order to collect contractual cash flows when the cash flows are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets at amortised cost include loans, receivables and non-listed debt securities. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position).

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when reversed, changed or impaired.

d6. Fiancial liabilities

The Company's financial liabilities include liabilities arising from debt securities issued and loans received. Upon initial recognition, they are classified as financial liabilities at fair value through profit or loss, loans received or operating liabilities. The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Company becomes a party to the contractual provisions of the instrument. Except for the loans received, all financial liabilities are initially recognised at fair value. The loans received are measured at amortised cost using the effective interest rate method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

Upon the derecognition of a financial liability and amortisation using the effective interest rate method, all gains or losses are recognised in the statement of profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

d7. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Company uses the following derivative financial instruments:

Forward contracts

The Company purchases petroleum products in US dollars but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as other income or expenses.

Commodity derivative financial instruments

When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity derivatives.

The fair value of outstanding commodity derivatives as at the date of the statement of financial position is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss as other income or expenses.

Interest rate swaps and collars

Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

Commodity forward contracts

Under IFRS 9, commodity forward contracts the purpose of which is not physical purchase or delivery of goods, their fulfilment leading to physical settlement only, are treated as a financial instrument and are recognised and measured in accordance with IFRS 9.

Forward purchase and sale transactions concluded to ensure physical settlement of goods are treated outside the scope of IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure physical delivery of goods, provided that the following conditions are met:

- physical delivery of goods takes place based on the contract.
- the quantities sold or purchased are consistent with the Company's business needs,
- the contract is binding and cannot be considered as optional.

As commodity forward contracts do not meet the above conditions, the Company treats them as financial instruments. In the financial statements, revenue from the sale of goods and the cost of goods sold arising from commodity forward transactions are recognised at fair value.

Outstanding commodity forward contracts are restated to fair value at each balance-sheet date, and the effects of their restatement to fair value are recognised in the statement of profit or loss as other operating revenue or expenses.

e. Equity

Called-up capital

The called-up capital of the company Petrol d.d., Ljubljana takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses.

Fair value reserve

The fair value reserve comprises the effect of the absorption of Instalacija d.o.o. in 2013, the effects of valuing financial assets at fair value through other comprehensive income and actuarial gains and losses related to the provisions for employee post-employment and other long-term benefits.

Hedging reserve

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the Company acquires an ownership interest, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

f. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary by the Company is determined by adopting the value of goodwill that had been recognised at the Group level as a result of this business combination. As the acquisition takes place, the difference between the net assets of the acquired company plus goodwill recognised at the Group level and the investment in the acquiree is determined. The difference is recognised in equity in such a way that equity components which are not eliminated by the Group when consolidating the subsidiary but exist in its records before the business combination takes place are recognised in other revenue reserves, with the remaining difference being recognised in the fair value reserve.

Subsequent to initial recognition, the Company checks annually for factors which could adversely affect the future cash flows of a cash-generating unit acquired in a business combination. In the financial statements, a decrease in the value of a cash-generating unit is recognised as the impairment of goodwill or of the assets of a cash-generating unit. It is charged to current profit or loss.

Goodwill is measured at cost less any accumulated impairment losses.

Right to use concession infrastructure

The Company recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Company capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Company has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, intangible fixed assets comprise mostly software.

Subsequent expenditure

Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

The amortisation rates based on the estimated useful lives for the current and comparative years are as follows:

(in %)	2020	2019
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	10.00–33.33	10.00–33.33
Other rights	3.33-20.00	3.33-20.00

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is detailed in Point k2.

g. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

The depreciation rates based on the estimated useful lives for the current and comparative periods are as follows:

(in %)	2020	2019
Buildings:		
Buildings at service stations	2.50-10.00	2.50-10.00
Above-ground and underground reservoirs	2.85-50.00	2.85-50.00
Underground service paths at service stations	5.00-14.30	5.00-14.30
Other buildings	1.43-50.00	1.43-50.00
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00	10.00–25.00
Gas station equipment	3.33-20.00	3,33–20.00
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Motor vehicles	10.00-25.00	10.00-25.00
Freight cars, rail tankers	25.00	25.00
Computer hardware	15.00-25.00	15.00-25.00
Office equipment, furniture	6.70–16.10	6.70–16.10
Small tools:	33.33	33.33
Environmental fixed assets:	4.00–25.00	4.00-25.00

Residual values and useful lives of an asset are reviewed annually and adjusted if necessary.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is detailed in Point k2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point m.

h. Investment property

Investment property is property held by the Company either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. The impairment of assets is detailed in Point k2.

The Company considers as investment property all property held by the Group that is fully or partially leased out to third parties. The Group's consideration takes into account the intended use of the property and the long-term goals pursued.

Property that is leased out as a whole is recognised as investment property based on separate records. The parts of the property that are leased out and constitute an integral part of the property used for the performance of core activities is recognised as investment property based on the proportion of leased out surface area if exceeding 5 percent of the property value.

i. Leases

The Company holds various items of business property (land, business premises and buildings), equipment and cars under a lease. Lease conditions are subject to negotiation on a case-by-case basis and vary depending on the term and type of a lease. The Company assesses at contract inception whether a contract is, or contains, a lease. That is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term based on the noncancellable period of a lease, taking into account the period covered by an option to extend the lease and the period covered by an option to terminate the lease. The Company also assesses the probability of the above options.

The term of a lease depends on the type of the leased asset and range:

- · from 5 to 50 years for land,
- · from 5 to 20 years for business premises and buildings,
- · from 1 to 10 years for equipment,
- · from 3 to 6 years for cars.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. With regards to the leases of low-value assets and short-term leases, the Company records lease payments as an expense for the period to which a lease relates.

For all other leases, the Company has recognised lease liabilities and right-of-use assets.

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initially, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation rates of right-of-use assets are as follows:

(in %)	2020	2019
Rights of use		
Lands	35.00-80.00	35.00-80.00
Buildings	5.00-50.00	5.00-50.00
Equipment	30.00-60.00	30.00-60.00
Motor vehicles	20.00-33.00	20.00-33.00

If ownership of the leased asset transfers to the Company at the end of the lease term or the Company exercises a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Point k) Impairment of assets.

Lease liabilities are recognised at the present value of lease payments to be made over the lease term, which corresponds to a discounted value of lease payments to be paid by the Company over the lease term under the lease contract while also taking into account the Group's borrowing rate. The lease payments include fixed payments, less any lease incentives receivables, and variable lease payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company has recognised its lease liabilities in item lease liabilities, as disclosed in Point e.

At lease inception, lease liabilities correspond to the value of right-of-use assets and begin to decrease as lease payments are made, with the value of right-of-use assets decreasing in line with the depreciation charge over the lease term. Depreciation rates are estimated by taking into account the term of a lease. Interest expense is charged to finance expenses for the period.

Short-term leases and leases of low-value assets

The Company applies the exemption to short-term lease recognition (i.e. to leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. The Company recognises lease payments on short term leases and leases of low-value assets as expense on a straight-line basis over the lease term.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value. The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser.

Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The moving average price method is used to assess the use of inventories.

k. Impairment

k1. Financial assets

In accordance with IFRS 9, the Company made a transition from the incurred loss model to the expected loss model based on which the Company recognises not only incurred losses but also expected future losses.

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company for which the Company granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted

The Company considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Impairment assessment is based on expected credit losses (ECLs) linked to a default on receivables and loans that is possible within the next 12 months, unless there has been a significant increase in credit risk since initial recognition.

In such case, the impairment assessment is determined based on the probability of default over the lifetime of the financial asset (LECL). 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. The expected cash flows will include cash flows from the sale of collateral.

Impairments for ECLs are assessed in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, impairments for ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company recognises a loss allowance for losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The Company considers a financial asset to be in default when contractual payments are 60 days past due. However, in certain cases the Company may also consider the credit risk to be higher when information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of loss allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Company deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Company evaluates evidence about the impairment of loans individually for each significant loan

Impairment of financial assets at fair value through other comprehensive income

Impairment losses on financial assets at fair value through other comprehensive income are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

Debt instruments at fair value through other comprehensive income consist solely of listed sovereign bonds classified as low credit risk investments. Under the policy selected, the Company measures expected credit losses on such instruments on a yearly basis. When there has been a significant increase in credit risk since recognition, the Company recognises a loss allowance based on the lifetime expected credit losses.

Impairment of investments in subsidiaries

Based on internal and external sources of information, the Company verifies on a regular basis whether there is an indication that investments in subsidiaries may be impaired. If such indications exist, the Company performs an impairment test based on an estimated value to recognise the impairment of investments in subsidiaries. An impairment loss is measured as the difference between the estimated value and the carrying amount of the investment. The estimated values are calculated using valuation techniques and are based on the past operations of subsidiaries and most recent available financial results, the management's expectations for the future and market assumptions.

k2. Non-financial assets

The Company reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

In the case of points of sale, the Company identified the point-of-sale network per country as a cash-generating unit and consequently also checks for indications of impairment

at the level of the point-of-sale network rather than at the level of individual points of sale.

Based on an analysis of interdependence of individual points of sale, the Company determined that identifying the point-of-sale network in an individual country as a cash-generating unit was the most appropriate approach.

I. Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provisions is determined as the present value of payments that the Company will be expected to make based on the contracts it has concluded and applicable legislation. To determine the amount, the Company relies on actuarial methods and on opinions provided by legal experts.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits

Pursuant to the law, the collective agreement and internal rules, the Company is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Postemployment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of postemployment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations

The business cooperation agreements entered into by the Company with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of the Company's employees. The contractual obligation of the Company to reimburse the costs arising from such rights to employees at third-party managed service stations represents the basis for recognition of long-term provisions. The provisions

amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of postemployment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for lawsuits

There are several lawsuits that have been filed against the Company, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the Company's control. The Company's management regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes.

Provisions for onerous contracts

The Company creates provisions for onerous contracts when the market situation causes the costs of meeting contractual obligations to exceed the expected economic benefit of long-term contracts.

The Company determines the amount of the provisions based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities, taking into account the utilisation rate of transmission capacities. The provisions created by the Company for long-term contracts for the leasing of transmission and storage capacities cover the entire contract period.

The provisions are determined based on estimated purchasing and selling price levels and quantities, taking into account the costs to sell and general and administrative costs.

m. Long-term deferred revenue

Government and other subsidies received to cover costs are recognised as a decrease in corresponding costs. Subsidies received as a compensation for assets are recognised strictly as revenue over the periods in which the costs

that they are intended to compensate are incurred. The revenue, or the decrease in costs, is recognised when it can be reasonably expected it will result in receipts or where it is sufficiently certain that no unfulfilled conditions exist.

Long-term deferred revenue

Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers and storage facilities. Environmental assets, presented as part of the Company's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue.

n. Revenue from contracts with customers

Revenue from contracts with customers is recognised once control of goods or services is transferred to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recorded when the customer obtains control of the goods or benefits from the services rendered.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Company delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured. As of the sale, the Company no longer has control of the goods or services sold. Revenue from the sale of goods does not include duties paid upon the purchase and duties paid upon the sale of goods.

Gains on commodity forward contracts are also recognised as revenue from the sale of goods.

Sale of services

A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Loyalty scheme

The Company offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Company defers them to match its revenue with the expenses incurred to generate the revenue.

Instalment sales

In instalment sales, the Company recognises separately revenue from the sale of goods and finance income deferred over the entire contract term. Finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Company based on the sale.

Sale in the name and for the account of third parties

The Group has entered into contracts with customers for the sale of merchandise in the name and on behalf of suppliers. Based on these contracts, the Company delivers goods to customers, receiving in exchange the difference between the final selling price and the cost negotiated in advance. The difference is recognised as sales revenue.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company's contract assets include accrued revenue from goods and services delivered to customers.

Trade receivables

A receivable is the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). See accounting policies on the recognition of financial assets in the section Financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. The Company's contract liabilities include the liabilities from collaterals received, the loyalty scheme and granted discounts. Contract liabilities are recognised as revenue when the Company satisfies its performance obligation.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration estimated by the Company at contract inception as constrained remains constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur. Variable consideration refers to volume rebates granted to customers.

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

o. Finance income and expenses

Finance income comprises interest income on financial assets, gains on the disposal of financial assets at fair value through other comprehensive income, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Dividend income is recognised in the Company's statement of profit or loss on the date that a shareholder's right to receive payment is established. If the fair value of net assets acquired in a merger by absorption exceeds the carrying amount of the investment in the absorbed company, the difference is carried as finance income for the period in which the absorption took place.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, loss allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the Company's separate financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q. Determination of fair value

A number of the Company's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Company uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or the market is considered as inactive, the Company uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Company.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated

amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on market prices for similar items.

Investment property

The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories

The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined by reference to the above fair value hierarchy for financial instruments.

Investments in associates and jointly controlled entities

The fair value of investments in associates and jointly controlled entities is determined by reference to the above fair value hierarchy for financial instruments. The methods of determining the value of and input assumptions for each investment are specifically presented in disclosures.

Receivables and loans granted

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity derivatives equals their market price as at the reporting date, which is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions.

Non-derivative financial liabilities

For reporting purposes, fair value is calculated using the present value of future payments of the principal and interest, discounted at the market rate of interest at the end of the reporting period.

r. Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Company has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2019 and 31 December 2020 and data derived from the statement of profit or loss for the period January to December 2020. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

New standards and interpretations relevant for the Group and the Company, but not yet effective

The standards and interpretations disclosed below have been issued but were not yet effective up to the date of issuance of the consolidated/separate financial statements. The Group/Company intends to adopt these standards and interpretations, if applicable, in the preparation of its financial statements when they become effective. The Group/Company did not early adopt any of the standards.

Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the Covid-19 pandemic, the IASB has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

Amendments to IAS 16: Property, Plant and Equipment

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments have not yet been endorsed by the EU.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

Amendments to IFRS 3: Business Combinations

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments have not yet been endorsed by the EU.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

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

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is

recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments to Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB published Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IF-RS 7, IFRS 4 and IFRS 16, completing its work in response to the interest rate benchmark reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS

7 Financial Instruments: Disclosures which require an entity to make appropriate disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments: Annual Improvements 2018-2020

Annual improvements make minor 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.

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments have not yet been endorsed by the EU.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

5. Segment reporting

In view of the fact that the financial report consists of the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The results of operating segments are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

The management monitors information on two levels: on the micro level, in which case individual units are monitored, and on the macro level, where only certain key information is monitored that can be used to make comparisons with similar companies in Europe. Given the substantial amount of information and their sensitivity on the micro level, the Group only discloses macro-level information in the annual report.

The Group/Company uses the following segments in the preparation and presentation of the financial statements:

- sales.
- · energy and environmental systems and production.

Sales consist of:

- · sales of petroleum products,
- · sales of merchandise and services,
- · sales of liquefied petroleum gas,
- · electricity sales and trading,
- · sales of natural gas.

Energy and environmental systems and production consist of:

- · energy and environmental solutions,
- · heat systems,
- · distribution of natural gas,
- · production of renewable electricity,
- · mobility.

The Group's operating segments in 2019:

(in EUR)	Sales	Energy and environmental systems and production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	4,799,808,199	72,009,016	4,871,817,215	
Revenue from subsidiaries	(495,901,577)	(31,619)	(495,933,196)	
Sales revenue	4,303,906,622	71,977,397	4,375,884,019	4,375,884,019
Net profit for the year	92,321,307	12,896,316	105,217,623	105,217,623
Interest income*	2,657,815	1,017,381	3,675,196	3,675,196
Interest expense*	(7,568,273)	(2,897,048)	(10,465,321)	(10,465,321)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(52,004,569)	(16,882,101)	(68,886,670)	(68,886,670)
Share of profit or loss of equity accounted investees	0	2,548,605	2,548,605	2,548,605
Total assets	1,553,441,817	306,152,112	1,859,593,929	1,859,593,929
Equity accounted investees	0	55,265,880	55,265,880	55,265,880
Property, plant and equipment, intangible assets and investment property	757,997,783	238,035,181	996,032,964	996,032,964
Other assets	795,444,034	12,851,051	808,295,085	808,295,085
Current and non-current operating and financial liabilities	796,809,099	155,639,117	952,448,216	952,448,216

^{*} Interest income and expense are estimated based on a segment's share of investments and assets in total investments and assets.

The Group's operating segments in 2020:

(in EUR)	Sales	Energy and environmental systems and production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	3,356,224,733	70,273,776	3,426,498,509	
Revenue from subsidiaries	(346,974,551)	(91,351)	(347,065,902)	
Sales revenue	3,009,250,182	70,182,425	3,079,432,607	3,079,432,607
Net profit for the year	70,098,690	2,231,352	72,330,042	72,330,042
Interest income*	2,187,715	967,651	3,155,366	3,155,366
Interest expense*	(5,887,101)	(2,603,932)	(8,491,033)	(8,491,033)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(55,370,129)	(19,624,038)	(74,994,167)	(74,994,167)
Share of profit or loss of equity accounted investees	0	3,508,790	3,508,790	3,508,790
Total assets	1,456,348,829	335,729,622	1,792,078,451	1,792,078,451
Equity accounted investees	0	56,515,407	56,515,407	56,515,407
Property, plant and equipment, intangible assets and investment property	721,961,522	262,816,348	984,777,870	984,777,870
Other assets	734,387,307	16,397,867	750,785,174	750,785,174
Current and non-current operating and financial liabilities	694,504,472	160,102,936	854,607,408	854,607,408

^{*} Interest income and expense are estimated based on a segment's share of investments and assets in total investments and assets.

Additional information about geographic areas in which the Group operates:

	Sales re	evenue	Total assets		Net inves	tments
(in EUR)	2020	2019	2020	2019	2020	2019
Slovenia	1,463,688,924	1,840,658,968	1,176,860,845	1,232,790,538	50,864,036	68,950,119
Croatia	472,415,913	605,841,781	343,247,592	343,225,945	29,129,764	35,285,760
Austria	210,144,985	257,543,397	5,082,509	7,692,222	0	0
Bosnia and Herzegovina	101,021,218	167,073,315	76,402,639	89,616,978	137,349	6,949,365
Romania	97,400,461	198,739,667	487,772	549,530	0	0
Serbia	72,200,684	98,253,474	87,005,571	81,087,894	4,987,574	6,462,849
Montenegro	26,223,964	35,961,573	31,734,965	35,372,559	284,712	6,741,511
Macedonia	13,379,662	21,002,840	2,891,615	4,747,162	0	0
Other countries	622,956,796	1,150,809,004	1,943,504	11,212	0	0
	3,079,432,607	4,375,884,019	1,725,657,012	1,795,094,040	85,403,435	124,389,604
Jointly controlled entities			562,016	610,273		
Associates			55,953,391	54,655,607		
Unallocated assets			9,906,032	9,234,009		
Total assets		·	1,792,078,451	1,859,593,929		

For the purpose of presenting geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.

Unallocated assets refer mainly to deferred tax assets.

6. 6. Notes to individual items in the financial statements

6.1 Business combinations

a. Acquisitions

Petrol-OTI-Terminal L.L.C.

Under a contract for the sale and purchase of interests, which was concluded in December 2020, the Petrol Group acquired a 100-percent interest in Petrol-OTI-Terminal L.L.C. from the jointly controlled entity Petrol OTI Slovenija L.L.C. Under the same contract for the sale and purchase of interests, the Petrol Group sold a 51-percent interest in the jointly controlled entity Petrol OTI Slovenija L.L.C. to the remaining company member of the jointly controlled entity Petrol OTI Slovenija L.L.C. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 31 December 2020.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Petrol-OTI-Terminal L.L.C. was treated as a subsidiary as at 31 December 2020. The financial statements of Petrol-OTI-Terminal L.L.C. are included in the Group's consolidated financial statements.

On acquiring the controlling influence over Petrol-OTI-Terminal L.L.C., the fair value of the acquired net assets was reviewed, based on which the Group was able to recognise the fair value of the assets in its consolidated financial statements. The fair value of the assets was assessed based on the cost approach using the net asset value method. Fixed assets relate to an assessed value of a business complex which actually represents a petroleum product storage facility.

The acquisition of the assets of Petrol-OTI-Terminal L.L.C. did not result in additional revenue for the Group. The company was dormant in 2020. If control had been obtained on 1 January 2019, the Group's net profit would have been lower by EUR 19,278.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
. ,		
Cash and cash equivalents	1,711	1,711
Property, plant and equipment	1,910,082	8,663,712
Operating receivables	5,936	5,936
Assets	1,917,729	8,671,359
Financial liabilities	54,000	54,000
Operating liabilities	58,729	58,729
Liabilities	112,729	112,729
Net assets upon acquisition	1,805,000	8,558,630
Amount paid	1,805,000	-
Goodwill	0	-
Amount paid	1,805,000	-
Cash and cash equivalents	1,711	-
Net payment	1,803,289	-

b. Definitive allocation of goodwill at the subsidiaries acquired in 2019

Atet d.o.o.

In July 2019, Petrol d.d., Ljubljana entered into a contract to acquire a 76-percent interest in the company Atet, podjetje za izposojo avtomobilov, d.o.o., which is engaged in car rental. The conditions for exercising control over the company were fulfilled on 16 December 2019.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Atet d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of Atet d.o.o. are included in the Group's consolidated financial statements.

Because the business combination took place at the end of 2019 and the fair value of the assets as at 31 December 2019 could not be determined with certainty, the acquired assets as at 31 December 2019 were recognised at provisional values.

In 2020 the fair value of the acquired net assets was assessed, based on which the Group recognised the fair value of the net assets in its consolidated financial statements, thus definitively allocating goodwill, which had been recognised only temporarily in 2019. The fair value of property was assessed using the income capitalisation method whereas the fair value of equipment was assessed using the replacement cost method.

The company's statement of financial position as at the day the Company acquired controlling influence is presented in the table:

(in EUR)	Restated fair value	Provisional fair value	Carrying amount
Cash and cash equivalents	1,014,069	1,014,069	1,014,069
Property, plant and equipment	1,442,041	1,144,326	1,144,326
Operating receivables	265,299	265,299	265,299
Corporate income tax assets	39,897	39,897	39,897
Prepayments and other assets	15,559	15,559	15,559
Assets	2,776,865	2,479,150	2,479,150
Financial liabilities	303,080	303,080	303,080
Operating liabilities	290,422	290,422	290,422
Deferred tax liabilities	56,566	0	0
Corporate income tax liabilities	6,651	6,651	6,651
Contract liabilities	2,083	2,083	2,083
Other liabilities	400	400	400
Liabilities	659,202	602,636	602,636
Net assets upon acquisition	2,117,663	1,876,514	1,876,514
Net assets upon acquisition of majority interest (76%)	1,609,424	1,426,151	1,426,151
Amount paid	4,044,396	4,044,396	-
Goodwill	2,434,972	2,618,245	-
Amount paid	4,044,396	4,044,396	-
Cash and cash equivalents	1,014,069	1,014,069	-
Net payment	3,030,327	3,030,327	-

Goodwill was partly allocated to property, plant and equipment.

c. Business combinations in 2019

In 2019 Petrol d.d., Ljubljana acquired the companies Crodux Plin d.o.o., Adria-Plin d.o.o., Vjetroelektrana Ljubač d.o.o., STH Energy d.o.o. and Atet d.o.o. Disclosures concerning Atet d.o.o. are presented in Note 6.1. b, with other disclosures presented below.

Crodux Plin d.o.o.

In October 2018, the Petrol Group concluded a contract with the company Crodux Plin, društvo s ograničenom odgovornošću za trgovinu i usluge d.o.o., to acquire the rights and assets relating to gas sales in Croatia. The acquired rights and assets constitute an integrated set of business activities and are treated as an acquisition of a business, in accordance with IFRS 3. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 31 August 2019. In the Group's statement of financial position, the assets as at 31 December 2019 are treated as intangible fixed assets, property, plant and equipment, and investments.

Goodwill arises from the retail distribution network and the company's gas sales contracts. On acquiring the controlling influence, the fair value of the acquired assets was assessed, based on which the Group was able to recognise the fair value of the assets in its consolidated financial statements. As set out in the contract, liabilities were not part of the acquisition. The fair value of intangible fixed assets and items of property, plant and equipment was assessed by external valuers based on the cost approach using the replacement cost method. Intangible fixed assets relate to an estimated value of contracts with customers, whereas items of property, plant and equipment relate to equipment and vehicles.

The fair value of the Adria-Plin d.o.o. investment was determined based on an assessed value of the cash-generating unit. The value was assessed using projected cash flows for the next 5-year period, normalised cash flow with a 2-percent growth rate and the discount rate of 9.5 percent after taxes.

In the four months following the acquisition of the assets, the resulting revenue of the Group stood at EUR 4,341,663. It is estimated that if control had been obtained on 1 January 2020, the Group's revenue would have been EUR 8,683,226 higher.

The statement of the acquired assets as at 31 August 2019, when the Group acquired controlling influence, is presented in the table:

(in EUR)	Fair value	Carrying amount
Investments in subsidiaries	307,080	87,824
Intangible assets	7,068,428	0
Property, plant and equipment	15,939,740	6,525,790
Assets	23,315,248	6,613,614
Amount paid	23,581,059	
Goodwill	265,811	

In the statement of cash flows, cash flows arising from the acquisition of the set of business activities are recorded as cash flows from investing activities, specifically under payments for investments in subsidiaries, payments for intangible assets and payments for property, plant and equipment.

Adria-Plin d.o.o.

In October 2018, the Petrol Group concluded a contract with the company Crodux Plin, društvo s ograničenom odgovornošću za trgovinu i usluge d.o.o., to acquire a 75-percent interest in the company Adria-Plin d.o.o., which distributes natural gas in Croatia. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 31 August 2019.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Adria-Plin d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of Adria-Plin d.o.o. are included in the Group's consolidated financial statements.

Goodwill arises from the retail distribution network and the company's gas sales contracts. On acquiring the controlling influence, the fair value of the acquired net assets was checked, based on which the Group was able to recognise the fair value of the net assets in its consolidated financial statements.

In the four months following the company's acquisition, the resulting revenue of the Group stood at EUR 620,239, with net profit amounting to EUR 11,641. If control had been obtained on 1 January 2019, the Group's revenue would have been EUR 1,288,582 higher and its net profit EUR 30,850 higher.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	57,804	57,804
Intangible assets	26,351	26,351
Property, plant and equipment	62,594	62,594
Inventories	50,164	50,164
Financial receivables	11,107	11,107
Operating receivables	94.334	94,334
	- ,	
Corporate income tax assets	7,519	7,519
Prepayments and other assets	365	365
Assets	310,238	310,238
Operating liabilities	193,139	193,139
Liabilities	193,139	193,139
Net assets upon acquisition	117,099	117,099
Net assets upon acquisition of		
majority interest (75%)	87,824	87,824
Amount paid	307,080	-
Goodwill	219,254	-
Amount paid	307,080	-
Cash and cash equivalents	57,804	-
Net payment	249,276	-

Vjetroelektrana Ljubač d.o.o.

In December 2019, the Petrol Group entered into an amendment to the business cooperation agreement in order to acquire the remaining 50-percent interest in the company Vjetroelektrana Ljubač d.o.o., which produces and distributes electricity in Croatia. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 6 December 2019.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Vjetroelektrana Ljubač d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of Vjetroelektrana Ljubač d.o.o. are included in the Group's consolidated financial statements.

Goodwill arises mainly from project design documents, permits, measurements and other agreements on the construction of wind power plants.

On acquiring the controlling influence over Vjetroelektrana Ljubač d.o.o., the fair value of the acquired net assets was assessed by external valuers. Upon acquisition, the fair value of the interest in Vjetroelektrana Ljubač d.o.o. exceeded the fair net value of the acquired assets by EUR 2,609,885. The Group recognised the difference up to the fair value of the non-controlling interest as other finance income.

Upon the initial consolidation of Vjetroelektrana Ljubač d.o.o., the Group recognised the excess as goodwill in the statement of financial position

STH Energy d.o.o.

In December 2019, the Petrol Group entered into a contract to acquire an 80-percent interest in the company STH Energy d.o.o., which produces and distributes electricity in Serbia. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 31 December 2019.

In the Company's statement of financial position and the Group's consolidated statement of financial position, STH Energy d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of STH Energy d.o.o. are included in the Group's consolidated financial statements.

Goodwill arises mainly from project design documents, permits, measurements and other agreements on the construction of hydroelectric power plants. On acquiring the controlling influence over STH Energy d.o.o., the fair value of the acquired net assets was assessed. Upon acquisition, the fair value of the interest in STH Energy d.o.o. was the same as the net value of the acquired assets.

The acquisition of the controlling interest in STH Energy d.o.o. did not result in additional revenue for the Group. Because the company was not operating in 2019, control would not have affected the Group's profit or loss if it had been obtained on 1 January 2019.

The acquisition of the controlling interest in Vjetroelektrana Ljubač d.o.o. did not result in additional revenue for the Group. If control had been obtained on 1 January 2019, the Group's net profit would have been lower by EUR 8,261.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

		Carrying
(in EUR)	Fair value	amount
Cash and cash equivalents	18,866	18,866
Property, plant and equipment	167,749	167,749
Operating receivables	28,531	28,531
Financial receivables	18,436	18,436
Assets	233,583	233,583
Financial liabilities	210,335	210,335
Operating liabilities	33,133	33,133
Liabilities	243,468	243,468
Net assets	(9,885)	(9,885)
- of which carrying amount of non- controlling interest before merger (50%)	(4,943)	
- of which net assets acquired	(4,943)	
Difference up to the fair value of non- controlling interest (50%)	1,107,430	
Payment to acquire non-controlling	102.570	
interest before merger (50%)	192,570	
Payment to acquire the remaining interest (50%)	1,300,000	

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	1,815	1,815
Property, plant and equipment	1,392,369	1,390,662
Prepayments and other assets	2,641	2,641
Assets	1,396,825	1,395,118
Financial liabilities	80,479	80,479
Operating liabilities	1,315,882	1,315,882
Liabilities	1,396,361	1,396,361
Net assets upon acquisition	464	(1,243)
-		
Net assets upon acquisition of majority interest (80%)	371	(994)
	371 371	(994)
majority interest (80%)		(994) - -
majority interest (80%) Amount paid	371	(994) - -
majority interest (80%) Amount paid Goodwill	371	(994) - - -
majority interest (80%) Amount paid Goodwill Amount paid	371 0 371	(994) - - - -

d. Definitive allocation of goodwill in 2019 at the subsidiaries acquired in 2018

The Ekoen Group

Under a contract for the sale and purchase of interests, which was concluded in November 2018, Petrol d.d., Ljubljana acquired a 100-percent interest in the company Ekoen d.o.o. and its subsidiary Ekoen GG d.o.o. The companies produce and distribute heat. The conditions for exercising control over the companies were fulfilled on 1 December 2018.

In the Company's statement of financial position and the Group's consolidated statement of financial position, the Ekoen Group was treated as a subsidiary as at 31 December 2019. The financial statements of the Ekoen Group are included in the Group's consolidated financial statements.

Because the business combination took place at the end of 2018 and the fair value of the assets as at 31 December 2018 could not be determined with certainty, the acquired assets as at 31 December 2018 were recognised at provisional values.

In 2019 the fair value of the acquired net assets was assessed by an external valuer, based on which the Group was able to recognise the fair value of the net assets in its consolidated financial statements, thus definitively allocating goodwill, which had been recognised only temporarily in 2018. The fair value of property was assessed using the income capitalisation method whereas the fair value

Zagorski metalac d.o.o.

Under the contract entered into in October 2018, Petrol d.d., Ljubljana and its subsidiary Geoplin d.o.o. acquired a 56 and 25-percent interest, respectively, in the company Zagorski metalac d.o.o. The company distributes and supplies gas in Croatia. The conditions for exercising control over the company were fulfilled on 31 December 2018.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Zagorski metalac d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of Zagorski metalac d.o.o. are included in the Group's consolidated financial statements.

Because the business combination took place at the end of 2018 and the fair value of the assets as at 31 December 2018 could not be determined with certainty, the acquired assets as at 31 December 2018 were recognised at provisional values.

In 2019 the fair value of the acquired net assets was assessed by an external valuer, based on which the Group was able to recognise the fair value of the net assets in its consolidated financial statements, thus definitively allocating goodwill, which had been recognised only temporarily in 2018. The fair value of property and equipment was assessed using the market approach and the replacement cost method.

of equipment was assessed using the replacement cost method.

The company's statement of financial position as at the day the Company acquired controlling influence is as follows:

	Restated fair	Provisional	Carrying
(in EUR)	value	fair value	amount
Cash and cash equivalents	30,560	30,560	30,560
Property, plant and equipment	2,979,479	1,842,773	1,842,773
Operating receivables	60,508	60,508	60,508
Assets	3,070,547	1,933,841	1,933,841
Long-term deferred revenue	873,177	873,177	873,177
Financial liabilities	254,138	254,138	254,138
Operating liabilities	26,739	26,739	26,739
Liabilities	1,154,054	1,154,054	1,154,054
Net assets upon acquisition	1,916,493	779,787	779,787
Amount paid	1,916,493	1,916,493	-
Goodwill	-	1,136,706	-
Amount paid	1,916,493	1,916,493	-
Cash and cash equivalents	30,560	30,560	-
Net payment	1,885,933	1,885,933	-

Goodwill was allocated to property, plant and equipment.

The company's statement of financial position as at the day Petrol d.o.o. acquired controlling influence is as follows:

(in EUR)	Restated fair value	Provisional fair value	Carrying amount
Cash and cash equivalents	4,148,184	4,148,184	4,148,184
Intangible assets	2,577	2,577	2,577
Property, plant and equipment	12,293,076	5,652,757	5,652,757
Inventories	79,107	79,107	79,107
Operating receivables	1,318,802	1,318,802	1,318,802
Assets	17,841,746	11,201,427	11,201,427
Long-term deferred revenue	2,726,116	2,726,116	2,726,116
Deferred tax liabilities	77,266	77,266	77,266
Operating liabilities	1,292,440	1,292,440	1,292,440
Liabilities	4,095,822	4,095,822	4,095,822
Net assets upon acquisition	13,745,924	7,105,605	7,105,605
Net assets upon acquisition of majority interest (74%)	10,229,071	5,287,657	5,287,657
Amount paid	9,419,071	9,419,071	
Liabilities arising from interests acquired	810,000	810,000	
Goodwill	0	4,941,414	
Amount paid	9,419,071	9,419,071	
Cash and cash equivalents	4,148,184	4,148,184	
Not noumant			
Net payment	5,270,887	5,270,887	

6.2 Changes within the Group

In 2020 Petrol d.d.:

- Acquired a 100-percent interest in Petrol-OTI-Terminal L.L.C. The impact on the Group's financial statements is presented in Note 6.1.
- Acquired a 49-percent interest in Petrol LPG d.o.o. Beograd, becoming the sole owner of the company. The impact on the financial statements is presented in Note 6.19.
- Acquired an additional interest in MBills d.o.o., becoming a 100-percent owner of the company. The impact on the financial statements is presented in Note 6.19.
- Increased the capital of STH Energy d.o.o., with the Group's holding remaining unchanged. The impact on the financial statements is presented in Note 6.19.
- Disposed of its 51-percent interest in Petrol OTI Slovenija L.L.C. The impact on the Group's financial statements is presented in Note 6.1.

In 2020 Petrol d.o.o. Beograd established subsidiaries Petrol Lumennis PB d.o.o. Beograd and Petrol Lumennis VS d.o.o. Beograd that operate in the segment of energy and environmental solutions. Petrol d.o.o. Beograd is the sole owner of the two companies.

In 2019 Petrol d.d.:

- Acquired a 72.96-percent interest in Atet, podjetje za izposojo avtomobilov, d.o.o., which is engaged in car rental. The impact on the Group's financial statements is presented in Note 6.1.
- Acquired an 80-percent interest in the company STH Energy d.o.o., which builds hydroelectric power plants in Serbia. The impact on the Group's financial statements is presented in Note 6.1.
- · Acquired an additional interest in Geoplin d.o.o., becoming a 74.28-percent owner of the company.
- Acquired an additional interest in Vjetroelektrana Ljubač d.o.o., becoming the sole owner of the company. The impact on the Group's financial statements is presented in Note 6.1.
- Increased its holding in MBills d.o.o. following a capital increase, becoming a 91.04-percent owner of the company.

- Increased its holding in Petrol Power d.o.o., Sarajevo following a capital increase, becoming a 99.75-percent owner of the company.
- Acquired an additional interest in Zagorski metalac d.o.o., becoming a 75-percent owner of the company.
 The Group controlled a 93.57-percent interest as at 31 December 2019.
- Acquired a 25-percent interest in Ivicom Energy, d.o.o.,
 Žagubica, which develops wind power plants in Serbia.

In the Group's statement of financial position, the company was treated as an associate as at 31 December 2019.

Dubrovnik plin d.o.o. was merged into Petrol d.o.o., Zagreb in August 2019. The merger by absorption did not have any impact on the Group's financial statements because Petrol d.o.o., Zagreb, a subsidiary of Petrol d.d., was the sole owner of the company.

The companies Beogas Invest d.o.o. and Domingas d.o.o. were merged into Beogas a.d. Beograd in April 2019. The merger by absorption did not have any impact on the Group's financial statements because Beogas a.d. Beograd, a subsidiary of Petrol d.d., was the sole owner of the company.

By acquiring the rights and assets from Crodux Plin d.o.o., the Group acquired a 75-percent interest in Adria-Plin d.o.o., which distributes gas in Croatia. The impact on the Group's financial statements is presented in Note 6.1. In August 2019, the Group liquidated Petrol Slovenia Tirana Wholesale sh.a. No assets or liabilities were obtained as a result of the liquidation. The effect of offsetting mutual receivables and liabilities was recognised as finance income of Petrol d.d., Ljubljana.

6.3 Revenue

Sales revenue by type of goods

	The Petrol Group		Petrol d.d.	
(in EUR)	2020	2019	2020	2019
Revenue from the sale of merchandise	2,981,937,390	4,290,261,832	2,258,375,265	3,447,092,820
Revenue from the sale of services	90,297,346	77,471,344	79,210,092	85,108,927
Revenue from the sale of products	7,197,871	8,150,843	1,038,771	649,151
Total revenue	3,079,432,607	4,375,884,019	2,338,624,128	3,532,850,898

Sales revenue by sales market

	The Petrol Group		Petrol d.d.	
(in EUR)	2020	2019	2020	2019
Domestic sales revenue	1,463,688,924	1,840,658,968	1,180,983,411	1,702,230,428
EU market sales revenue	1,268,973,978	2,046,336,228	934,164,575	1,612,097,298
Non-EU market sales revenue	346,769,705	488,888,823	223,476,142	218,523,172
Total revenue	3,079,432,607	4,375,884,019	2,338,624,128	3,532,850,898

Sales revenue by operating segment

	The Petrol Group		The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019		
Sale of merchandise	3,009,250,182	4,303,906,622	2,282,674,214	3,476,098,499		
Energy and environmental solutions and production	70,182,425	71,977,397	55,949,914	56,752,399		
Total revenue	3,079,432,607	4,375,884,019	2,338,624,128	3,532,850,898		

The Group's/Company's sales revenue includes rental income. In 2020 the Group generated EUR 3,897,475 in rental income and the Company EUR 3,115,956.

Other revenue

	The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Gain on derivatives	100,106,658	80,017,798	99,748,455	77,082,647
Gain on disposal of fixed assets	773,615	1,074,725	614,869	638,117
Compensation, litigation proceeds and contractual penalties received	219,716	549,488	86,563	463,457
Compensation received from insurance companies	148,729	84,256	20,930	37,489
Payment of court fees	38,647	18,660	24,207	16,996
Utilisation of environmental provisions	10,772	457,219	10,772	457,219
Other revenue	4,488,049	3,946,427	3,401,784	2,832,528
Total other revenue	105,786,186	86,148,573	103,907,580	81,528,453

6.4 Costs of materials

	The Petrol Group		Petrol d.d.	
(in EUR)	2020	2019	2020	2019
Costs of energy	19,897,486	21,283,817	17,509,877	18,547,084
Costs of consumables	7,061,792	6,630,970	5,631,831	5,419,804
Write-off of small tools	141,892	364,167	86,131	77,198
Other costs of materials	833,086	787,092	558,277	474,025
Total costs of materials	27,934,256	29,066,046	23,786,116	24,518,111

6.5 Costs of services

	The Petrol Group		Petrol d.d.	
(in EUR)	2020	2019	2020	2019
Costs of service station managers	34,622,264	35,098,922	34,622,264	35,098,922
Costs of transport services	29,076,879	31,523,057	24,589,796	26,666,422
Costs of fixed-asset maintenance services	20,745,238	19,686,473	16,064,895	15,366,568
Costs of professional services	9,951,995	9,213,540	8,380,955	7,813,354
Costs of payment transactions and bank services	9,618,812	10,857,241	6,975,692	8,350,179
Lease payments	5,347,894	6,401,613	3,276,653	5,793,679
Costs of fairs, advertising and entertainment	4,855,914	8,783,987	2,882,820	5,919,039
Outsourcing costs	4,228,791	5,346,513	3,626,778	5,047,570
Costs of insurance premiums	4,118,507	4,051,212	2,421,131	2,531,705
Costs of fire protection and physical and technical security	2,158,306	1,829,217	1,770,958	1,466,486
Costs of environmental protection services	1,905,910	1,838,256	1,405,309	1,173,207
Property management	1,579,012	1,509,130	1,471,278	1,208,766
Reimbursement of work-related costs to employees	861,196	1,671,471	466,612	1,000,717
Membership fees	844,590	446,163	340,188	257,294
Other costs of services	3,428,989	4,388,563	2,108,453	2,918,735
Total costs of services	133,344,297	142,645,358	110,403,782	120,612,643

The Petrol Group

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 150,000 (2019: EUR 151,500). Auditing services comprise the fee for the auditing of the annual report of EUR 149,250 (2019: EUR 150,000). Other, non-auditing services stood at EUR 750 in 2020 (2019: EUR 1,500).

Petrol d.d., Ljubljana

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 63,350 (2019: EUR 64,100). Auditing services comprise the fee for the auditing of the annual report of EUR 62,600 (2019: EUR 63,350). Other, non-auditing services stood at EUR 750 in 2020 (2019: EUR 750).

Lease expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	2020	2019	2020	2019
Depreciation of right-of-use assets	10,139,765	10,817,184	3,885,487	4,040,829
Finance expenses	2,676,699	2,722,767	1,508,731	1,482,450
Lease expenses	5,347,894	6,401,613	3,276,653	5,793,679
Total recognised costs/expenses	18,164,358	19,941,564	8,670,871	11,316,958

The Group's/Company's lease expenses include expenses for short-term leases, leases of low-value assets and leases with variable lease payments.

6.6 Labour costs

	The Petrol Group		Petrol	d.d.
(in EUR)	2020	2019	2020	2019
Salaries	75,489,309	76,545,593	55,002,363	55,832,036
Costs of other social insurance	6,133,427	6,824,193	4,267,276	4,118,297
Costs of pension insurance	5,592,134	6,432,603	4,229,710	5,205,484
Transport allowance	3,100,888	3,350,264	1,865,354	2,139,853
Annual leave allowance	3,096,768	2,857,361	2,540,271	2,279,960
Meal allowance	2,903,033	2,654,985	2,297,807	2,082,488
Supplementary pension insurance	1,542,016	1,433,736	1,479,500	1,376,304
Other allowances and reimbursements	4,998,999	3,589,990	2,991,858	2,280,980
Total labour costs	102,856,574	103,688,725	74,674,139	75,315,402

In line with the measures taken by countries to contain the coronavirus (Covid-19) epidemic, the Group made use of measures relating to the unconditional reimbursement of labour costs of EUR 4,769,460, recording their effects as a decrease in labour costs.

In accordance with the Act Determining the Intervention Measures to Contain the Covid-19 Epidemic, the Company made use of a partial exemption from the payment of contributions for pension and disability insurance totalling EUR 2,366,918 million, recording the unconditional exemption as a decrease in labour costs.

Number of employees by formal education level as at 31 December 2019

	The Petrol Group				Petrol d.d.	
	Group employees	Employees at third- party managed service stations	Total	Group employees	Employees at third- party managed service stations	Total
Level I	4	0	4	1	0	1
Level II	54	30	84	40	30	70
Level III	130	9	139	6	9	15
Level IV	913	318	1,231	330	318	648
Level V	1,705	698	2,403	839	698	1,537
Level VI	299	59	358	160	59	219
Level VII	911	83	994	699	83	782
Level VII/2	5	0	5	0	0	0
Level VIII	57	0	57	52	0	52
Total	4,078	1,197	5,275	2,127	1,197	3,324

Number of employees by formal education level as at 31 December 2020

		The Petrol Group			Petrol d.d.		
	Group employees	Employees at third- party managed service stations	Total	Company employees	Employees at third- party managed service stations	Total	
Level I	18	0	18	2	0	2	
Level II	50	29	79	35	29	64	
Level III	110	10	120	5	10	15	
Level IV	905	273	1,178	356	273	629	
Level V	1,749	635	2,384	892	635	1,527	
Level VI	301	49	350	168	49	217	
Level VII	556	59	615	349	59	408	
Level VII/2	379	17	396	375	17	392	
Level VIII	17	0	17	11	0	11	
Total	4,085	1,072	5,157	2,193	1,072	3,265	

On average, the Group and the Company had 4,054 and 2,129 employees in 2020, respectively (2019: 3,900 and 1,954).

6.7 Depreciation and amortisation

	The Petr	ol Group	Petrol d.d.		
(in EUR)	2020	2019	2020	2019	
Amortisation of intangible assets	11,934,808	10,188,513	8,642,941	8,431,448	
Depreciation of property, plant and equipment	51,755,226	46,730,181	33,544,505	30,752,639	
Depreciation of right-of-use assets	10,139,765	10,817,184	3,885,487	4,040,829	
Depreciation of investment property	1,164,368	1,150,792	1,128,294	1,114,718	
Total depreciation and amortisation	74,994,167	68,886,670	47,201,227	44,339,635	

6.8 Other costs

	The Petro	ol Group	Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Impairment/write-down of assets	16,207,510	0	4,383,807	0
Environmental charges and charges unrelated to operations	6,512,808	7,018,209	4,692,994	4,985,952
Sponsorships and donations	1,517,038	2,789,946	1,333,585	2,550,314
Loss on sale/disposal of property, plant and equipment	1,356,231	570,427	1,324,266	152,469
Other costs	5,620,241	6,564,751	4,957,539	5,478,695
Reversal of other provisions and other liabilities	(4,275,102)	(14,967,564)	0	(10,883,032)
Total other costs	26,938,726	1,975,769	16,692,191	2,284,398

In 2020 the Group reversed some of its long-term provisions. The amount of the reversed long-term provisions exceeds the amount of the provisions created, meaning that other costs had a negative balance. The Company did not reverse its long-term provisions. In 2019 both the Group and the Company reversed their long-term provisions.

The Group's impairment of assets relates mostly to the impairment of inventories by EUR 7,331,973 to match their net realisable value, the impairment of land and property by EUR 5,084,330 and the impairment of investment property by EUR 3,313,616. The Company's impairment of assets relates mostly to the impairment of fixed assets by EUR 3,265,845 and the impairment of investment property by EUR 741,709.

6.9 Other expenses

	The Petr	ol Group	Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Loss on derivatives	74,469,533	84,386,273	76,273,647	84,575,384
Other expenses	491,988	295,238	35,262	21,210
Total other expenses	74,961,521	84,681,511	76,308,909	84,596,594

6.10 Interests and dividends

Shares of profit or loss of equity accounted investees of the Petrol Group

	The Petrol Group		
(in EUR)	2020	2019	
Plinhold d.o.o.	2,639,331	1,603,719	
Aquasystems d.o.o.	765,316	752,318	
lvicom Energy d.o.o.	(20,835)	0	
Total net profit of associates	3,383,812	2,356,037	
Soenergetika d.o.o.	137,311	173,053	
Geoenergo d.o.o.	(11,385)	19,515	
Vjetroelektrana Dazlina d.o.o.	(948)	0	
Total net profit of jointly controlled entities	124,978	192,568	
Total net finance income from interests	3,508,790	2,548,605	

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.		
(in EUR)	2020	2019	
Petrol Trade Handelsgesellschaft m.b.H.	1,140,803	64,021	
Geoplin d.o.o. Ljubljana	958,260	756,521	
Total subsidiaries	2,099,063	820,542	
Aquasystems d.o.o.	764,409	758,716	
Plinhold d.o.o.	564,272	445,478	
Total associates	1,328,681	1,204,194	
Soenergetika d.o.o.	172,934	150,000	
Jointly controlled entities	172,934	150,000	
Total finance income from interests	3,600,678	2,174,736	

6.11 Other finance income and expenses

	The Petrol Group		Petro	l d.d.	
(in EUR)	2020	2019	2020	2019	
Foreign exchange differences	19,625,423	23,367,455	15,444,180	20,820,888	
Interest income	3,155,366	3,675,196	2,775,616	2,840,652	
Gain on derivatives	2,101,828	6,993,164	2,101,828	6,993,164	
Allowances for receivables reversed and bad debt recovered	534,782	2,289,494	981,353	132,762	
Other finance income	1,488,976	1,784,027	1,397,455	600,575	
Total other finance income	26,906,375	38,109,336	22,700,432	31,388,040	
Foreign exchange differences	(16,990,985)	(25,604,490)	(12,693,137)	(23,001,366)	
Interest expense	(8,491,033)	(10,465,321)	(7,594,011)	(9,404,747)	
Allowance for operating receivables	(2,238,295)	0	0	(513,677)	
Loss on derivatives	(4,673,449)	(3,172,070)	(4,673,449)	(3,172,070)	
Impairment of investments and of goodwill	(3,641,563)	0	(4,584,965)	0	
Allowance for financial receivables	0	(849,074)	0	(849,074)	
Other finance expenses	(545,365)	(1,527,343)	(446,003)	(1,251,485)	
Total other finance expenses	(36,580,690)	(41,618,298)	(29,991,565)	(38,192,420)	
Net finance expense	(9,674,315)	(3,508,962)	(7,291,133)	(6,804,380)	

6.12 Corporate income tax

	The Petro	ol Group	Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Tax expense	(14,373,778)	(19,615,008)	(2,843,435)	(12,692,493)
Deferred tax	1,238,736	(2,301,094)	67,462	(329,818)
Taxes	(13,135,042)	(21,916,102)	(2,775,973)	(13,022,311)

	The Petrol Group		The Petrol Group		Petrol	d.d.
(in EUR)	2020	2019	2020	2019		
Profit before tax	85,465,084	127,133,725	31,669,489	73,271,540		
Tax at effective tax rate	16,238,366	24,155,408	6,017,203	13,921,593		
Tax effect of untaxed revenue	(2,977,999)	(3,754,457)	(2,263,228)	(2,030,356)		
Tax effect of expenses not deducted on tax assessment	2,822,523	1,793,665	1,466,486	1,131,074		
Increase in expenses by tax non-deductible revaluation expenses	(2,444,488)	0	(2,444,488)	0		
Effect of higher/lower tax rates for companies abroad	(503,360)	(278,514)	0	0		
Taxes	13,135,042	21,916,102	2,775,973	13,022,311		
Effective tax rate	15.37%	17.24%	8.77%	17.77%		

The Group had EUR 3,625,814 (2019: EUR 912,629) and EUR 1,966,916 (2019: EUR 1,243,357) in corporate income tax assets and liabilities, respectively, as at 31 December 2020. The Group does not offset the assets and liabilities, as they represent a receivable from or a liability to different tax administrations.

In Slovenia, the effective corporate income tax rate stood at 19 percent in 2020 (2019: 19 percent), whereas the Group's tax rates ranged from 9 to 25 percent.

Changes in deferred taxes of the Petrol Group

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Tax loss	Other	Total
As at 1 January 2019	573,088	5,019,743	6,618,615	400,914	568,240	273,412	13,454,012
Netting							(4,336,775)
Total net receivables as at 1 January 2019							9,117,237
(Charged)/credited to the statement of profit or loss	161,324	(1,455,134)	(661,389)	(307,828)	0	(111,624)	(2,374,651)
(Charged)/credited to other comprehensive income	782,544	0	0	0	0	0	782,544
Foreign exchange differences	(251)	(5,941)	(2,169)	(359)	(2,977)	887	(10,810)
As at 31 December 2019	1,516,705	3,558,668	5,955,057	92,727	565,263	162,675	11,851,095
Netting							(2,617,086)
Total net receivables as at 31 December 2019							9,234,009
(Charged)/credited to the statement of profit or loss	30,963	(305,162)	592,038	7,862	0	334,051	659,752
(Charged)/credited to other comprehensive income	21,805	0	0	0	0	0	21,805
Foreign exchange differences	(703)	(10,777)	(6,249)	(90)	(7,301)	(127)	(25,247)
As at 31 December 2020	1,568,770	3,242,729	6,540,846	100,499	557,962	496,599	12,507,405
Netting							(2,601,373)
Total net receivables as at 31 December 2020							9,906,032

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2019	130,966	5,325,759	77,266	5,533,991
Netting				(4,336,775)
Total net liabilities as at 1 January 2019				1,197,216
Charged/(credited) to the statement of profit or loss	0	(2,017)	(71,540)	(73,557)
New acquisitions as a result of control obtained	30,653	0	0	30,653
Foreign exchange differences	(47)	(31,889)	(89)	(32,025)
As at 31 December 2019	161,572	5,291,853	5,637	5,459,062
Netting				(2,617,086)
Total net liabilities as at 31 December 2019				2,841,976
New acquisitions as a result of control obtained	0	1,790,495	0	1,790,495
Charged/(credited) to the statement of profit or loss	0	(611,528)	32,544	(578,984)
Foreign exchange differences	(116)	(83,384)	0	(83,500)
As at 31 December 2020	161,456	6,387,436	38,181	6,587,073
Netting				(2,601,373)
Total net liabilities as at 31 December 2020				3,985,700

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Other	Total
As at 1 January 2019	472,328	1,039,740	5,364,524	155,240	7,031,832
Netting					(461,256)
Total net receivables as at 1 January 2019					6,570,576
(Charged)/credited to the statement of profit or loss	161,324	135,234	(484,395)	(141,981)	(329,818)
(Charged)/credited to other comprehensive income	768,637	0	0	0	768,638
As at 31 December 2019	1,402,289	1,174,974	4,880,129	13,259	7,470,651
Netting					(602,411)
Total net receivables as at 31 December 2019					6,868,241
(Charged)/credited to the statement of profit or loss	30,963	88,050	(355,985)	304,434	67,462
(Charged)/credited to other comprehensive income	(23,698)	0	0	0	(23,698)
As at 31 December 2020	1,409,555	1,263,024	4,524,144	317,693	7,514,416
Netting					(602,411)
Total net receivables as at 31 December 2020					6,912,005

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Total
Total net liabilities as at 1 January 2019	0	0	0
As at 31 December 2019	141,155	461,256	602,411
Netting			(602,411)
Total net liabilities as at 31 December 2019			0
As at 31 December 2020	141,155	461,256	602,411
Netting			(602,411)
Total net liabilities as at 31 December 2020			0

6.13 Earnings per share

	The Petro	ol Group	Petro	d.d.
(in EUR)	2020	2019	2020	2019
Net profit (in EUR)	72,330,042	105,217,623	28,893,516	60,249,229
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at the beginning of the year	30,723	30,723	24,703	24,703
Number of own shares at the end of the year	30,723	30,723	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,055,578	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,055,578	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	35.19	51.19	14.02	29.22

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company/Group. The Group and the Company have no potential dilutive ordinary shares, meaning the basic and diluted earnings per share are identical.

6.14 Changes in other comprehensive income

The Petrol Group

The effective portion of changes in the fair value of the cash flow variability hedging instrument decreased by EUR 128,073 (in 2019: decrease of EUR 4,122,726) and also by the deferred tax effect of EUR 21,805 (in 2019: EUR 782,546). The change relates to interest rate swap hedging and decreases the hedging reserve.

The change in the fair value of financial assets through other comprehensive income by EUR 742,921 for 2019 is the result of an increase in the fair value of investments in equity instruments.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement

Petrol d.d., Ljubljana

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 124,723 (in 2019: decrease of EUR 4,045,459) and decreased by the deferred tax effect of EUR 23,698 (in 2019: increase of EUR 768,638). The change relates to interest rate swap hedging and decreases the hedging reserve. The change in the fair value of financial assets through other comprehensive income by EUR 742,921 for 2019 is the result of an increase in the fair value of investments in equity instruments. Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

6.15 Intangible assets

Intangible assets of the Petrol Group

		Dialet to use				
	Material and	Right to use concession		Ongoing	Long-term	
(in EUR)	other rights	infrastructure	Goodwill	investments	deferred costs	Total
Cost						
As at 1 January 2019	32,430,709	110,894,186	108,042,233	3,141,403	148,628	254,657,159
New acquisitions as a result of control obtained	216,687	10,703	5,740,937	7,027,077	0	12,995,404
New acquisitions	0	143,803	0	11,047,696	76,289	11,267,788
Disposals	(338,284)	(634,551)	0	0	0	(972,835)
Reallocation of goodwill	0	0	(6,078,120)	0	0	(6,078,120)
Transfers between asset categories	1,271	4,609,138	0	151,235	(1,002)	4,760,642
Transfer from ongoing investments	11,077,191	2,883,051	0	(13,960,242)	0	0
Foreign exchange differences	(1,062)	(74,889)	(75,312)	(462)	0	(151,725)
As at 31 December 2019	43,386,512	117,831,441	107,629,738	7,406,707	223,915	276,478,313
Accumulated amortisation						
As at 1 January 2019	(19,001,884)	(47,584,413)	0	0	0	(66,586,297)
New acquisitions as a result of control obtained	(176,428)	(3,895)	(7,107)	0	0	(187,430)
Amortisation	(5,463,369)	(4,723,367)	(1,777)	0	0	(10,188,513)
Disposals	151,979	631,476	0	0	0	783,455
Transfers between asset categories	(1,271)	(2,589,252)	0	0	0	(2,590,523)
Foreign exchange differences	745	20,761	37	0	0	21,543
As at 31 December 2019	(24,490,228)	(54,248,690)	(8,847)	0	0	(78,747,765)
Net carrying amount as at 1 January 2019	13,428,825	63,309,773	108,042,233	3,141,403	148,628	188,070,862
Net carrying amount as at 31 December 2019	18,896,284	63,582,751	107,620,891	7,406,707	223,915	197,730,548
(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2020	43,386,512	117,831,441	107,629,738	7,406,707	223,915	276,478,313
New acquisitions	629,828	35,235	1,350,678	9,591,541	339,561	11,946,843
Disposals	(5,584,264)	(120,756)	0	0	(198,517)	(5,903,537)
Impairments	0	(551,705)	(2,662,470)	0	0	(3,214,175)
Reallocation of goodwill	0	0	(183,273)	0	0	(183,273)
Transfers between asset categories	600,161	768,616	0	100,977	0	1,469,754
Transfer from ongoing investments	5,819,718	4,272,936	0	(10,092,654)	0	0
Foreign exchange differences	(95,962)	(118,621)	(239,517)	(1,001)	0	(455,101)
As at 31 December 2020	44,755,993	122,117,146	105,895,156	7,005,570	364,959	280,138,824
Accumulated amortisation						
As at 1 January 2020	(24,490,228)	(54,248,690)	(8,847)	0	0	(78,747,765)
Amortisation	(6,801,644)	(5,128,356)	(4,808)	0	0	(11,934,808)
Disposals	5,580,429	119,832	0	0	0	5,700,261
Impairments	0	300,486	0	0	0	300,486
Transfers between asset categories	(323,106)	(547,425)	0	0	0	(870,531)
Foreign exchange differences	11,544	48,501	119	0	0	60,164
As at 31 December 2020	(26,023,005)	(59,455,652)	(13,536)	0	0	(85,492,193)
	(20,023,003)	(33,433,032)	(13,330)			(66, 162, 166)
Net carrying amount as at 1 January 2020	18,896,284	63,582,751	107,620,891	7,406,707	223,915	197,730,548

All intangible assets presented herein are unpledged.

13.1 percent of all intangible assets in use on 31 December 2020 were fully amortised (as compared to 8 percent as at 31 December 2019).

Intangible fixed assets as at 31 December 2020 were tested for impairment and it was determined that there is a need to impair the goodwill of EL-TEC Mulej d.o.o. by EUR 2,446,496 and the goodwill of Ekoen d.o.o. by EUR 215,974. An impairment of EUR 251,219 was also required with regard to the right to use concession infrastructure.

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

	The Petrol Group		
(in FUD)	31 December	31 December	
(in EUR)	2020	2019	
Instalacija d.o.o., Koper ¹	85,266,022	85,266,022	
Euro-Petrol d.o.o. ²	12,610,999	12,776,006	
Vjetroelektrana Ljubač d.o.o.	2,576,176	2,609,890	
Atet d.o.o.	2,434,972	2,618,245	
Zagorski metalac d.o.o.	873,366	0	
Petrol-Jadranplin d.o.o. ⁴	746,103	755,866	
Vjetroelektrane Glunča d.o.o.	357,528	362,205	
Crodux Plin d.o.o.	279,843	283,505	
Petrol-Butan d.o.o. ⁵	279,202	282,855	
Mbills d.o.o.	245,250	0	
Adria-Plin d.o.o.	212,159	219,801	
EL-TEC Mulej d.o.o. ³	0	2,446,496	
Total goodwill	105,881,620	107,620,891	

- Instalacija d.o.o. was merged into Petrol d.d., Ljubljana in 2013. The company is treated as a cash-generating unit of Petrol d.d., Ljubljana.
- ² Euro-Petrol d.o.o. was renamed Petrol d.o.o.
- ³ EL-TEC Mulej d.o.o. was renamed Eltec Petrol d.o.o. and merged into Petrol d.d., Ljubljana in 2016. The company is treated as a cash-generating unit of Petrol d.d., Ljubljana.
- ⁴ Petrol-Jadranplin d.o.o. was renamed Petrol Plin d.o.o. and merged into Petrol d.o.o. in 2018.
- ⁵ Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012, whereas the latter was merged into Petrol d.o.o. in 2018.

The assets acquired through acquisitions were recognised at fair value in the Group's financial statements. Following the restatement of assets obtained through acquisitions, the Group recognised in 2020 deferred tax liabilities of EUR 1,350,689 for the companies Zagorski metalac d.o.o., MBills d.o.o. and Ekoen d.o.o., increasing the value of goodwill for the same amount.

In accordance with IAS 36, goodwill was tested for impairment as at 31 December 2020 and it was determined that there is a need to impair the goodwill of EL-TEC Mulej d.o.o. and Ekoen d.o.o.

Based on the assessed value of the assets of the cash-generating unit EL-TEC Mulej d.o.o., the Group recognised the impairment of assets of EUR 5,983,560, of which EUR 2,446,496 relates to the impairment of goodwill and EUR 3,517,064 to the impairment of non-current assets.

After goodwill was tested for impairment, the Group recognised the impairment of goodwill of EUR 215,974 for Ekoen d.o.o. Lower value estimates are mainly a reflection of lower expectations regarding future cash flows.

The recoverable amount of the acquired assets was assessed at the aggregate level of the acquired companies, except for the companies Instalacija d.o.o. and EL-TEC Mulej d.o.o., where the recoverable amount was assessed at the level of the cash-generating unit directly related to the assets acquired during the acquisition of the companies.

Goodwill was tested for impairment using the method of the present value of expected free cash flows, which are based on the future financial plans of cash-generating units. The assumptions used in the calculation of net cash flows (long-term growth rate of cash flows, cash flow projection, projection period, discount rate) are based on past operations and reasonably expected operations in the future. Cash flow projection periods reflect the operations and investment activities of individual companies. Growth rates of free cash flows are based on expected price growth rates.

For Instalacija d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 8 percent before taxes (2019: 6.94 percent) and the annual growth rate of remaining free cash flows (the residual value) of 1 percent (2019: 1.2 percent) were used in testing goodwill for impairment.

When testing the goodwill of EL-TEC Mulej d.o.o. for impairment, 15-year financial plans of the cash-generating unit and the required rate of return of 7.5 percent after taxes (2019: 8 percent) were used. The value of remaining cash flows was not taken into account in the calculation. The cash flow projection period corresponds to the life of existing energy facilities under management.

For Petrol d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 10.9 percent after taxes (2019: 10.95 percent) and the annual growth rate of remaining free cash flows (the residual value) of 2 percent (2019: 2 percent) were used in testing goodwill for impairment. The testing of Petrol d.o.o.'s goodwill comprises goodwill arising from the absorption of Euro-Petrol d.o.o., Petrol-Jadranplin d.o.o., Crodux Plin d.o.o., Petrol Butan d.o.o. and Crodux Plin d.o.o.

For Atet d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 6.9 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 2 percent were used in testing goodwill for impairment.

For MBills d.o.o., 6-year financial plans of the cash-generating unit, the required rate of return of 19.8 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 2 percent were used in testing goodwill for impairment. The cash flow projection period is based on plans for the development and growth of the

company up to the period when the cash flows are expected to stabilise over the long term. A 0.5-percent decrease/increase in the gross margin subsequent to the projection period would have caused the estimated amount to decrease/increase by EUR 193,166.

For Ekoen d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 7 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 2 percent were used in testing goodwill for impairment. In 2019 the value of goodwill was tested using the market approach and the cost approach.

For Vjetroelektrane Glunča d.o.o., 22-year financial plans of the cash-generating unit and the required rate of return of 9.5 percent after taxes (2019: 10.95 percent) were used in testing goodwill for impairment. The value of remaining cash flows was not taken into account in the calculation. The cash flow projection period corresponds to the life of existing wind power plants and the concession agreement.

For Vjetroelektrana Ljubač d.o.o., 26-year financial plans of the cash-generating unit and the average required rate of return of 8.6 percent after taxes were used in testing goodwill for impairment. The value of remaining cash flows was not taken into account in the calculation. The cash flow projection period corresponds to the life of existing wind power plants and the concession agreement.

For Zagorski metalac d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 10.3 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 0 percent were used in testing goodwill for impairment.

The effect of changes in the discount rate or the long-term growth rate of remaining free cash flows on the estimated fair value of assets is presented below:

	Key assu	mptions	Change in key assumptions					
(in EUR thousand)	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)	Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumptions change
		_	+0.5	-0.5	(18)	(11)	(27)	(16)
Adria-Plin d.o.o.	10.30%	1%	-0.5	+0.5	18	11	32	-
		_	+0.5	-0.5	(714)		(611)	(1,215)
Atet d.o.o.	5.9%; 6.9%	2%	-0.5	+0.5	876	750	1,832	-
		_	+0.5	-	(849)	-	(849)	(849)
EL-TEC Mulej d.o.o.	7.50%	-	-0.5	-	883	-	883	-
			+0.5	-0.5	(10,668)	(8,358)	(18,094)	-
Euro - Petrol d.o.o.	9.8%; 10.9%	2%	-0.5	+0.5	11,947	9,353	22,611	
			+0.5	-0.25	(11,000)	(4,400)	(14,700)	-
Instalacija d.o.o., Koper	8%	1%	-0.5	0.25	12,700	4,600	18,200	
		_	+0.5	-0.5	(798)	(598)	(1,317)	-
MBILLS d.o.o.	30.0%; 9.5%	2%	-0.5	+0.5	912	684	1,716	-
		_	+0.5	-	(549)	-	(549)	-
Vjetroelektrane Glunča d.o.o.	9.50%	-	-0.5	-	573	-	573	-
			+0.5	-	(1,581)	-	(1,581)	(1,163)
Vjetroelektrana Ljubač d.o.o.	5.6%; 9%	-	-0.5	-	1,696	-	1,696	-
			+0.5	-0.5	(327)	(210)	(515)	-
Zagorski metalac d.o.o.	10.30%	0%	-0.5	+0.5	360	232	622	-

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2020 (in EUR)

	The Petrol Group		
	31 December 2020	31 December 2019	
Right to use natural gas distribution infrastructure in the municipality of Domžale	7,400,732	7,335,567	
Contracts with customers (Crodux Plin d.o.o.)	5,158,211	6,559,778	
SAP software rights	4,727,058	3,290,029	
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	3,896,949	3,883,956	
Right to use natural gas distribution infrastructure in the municipality of Škofja Loka	3,516,102	3,623,005	
Right to use natural gas distribution infrastructure in the municipality of Idrija	3,486,323	2,174,132	

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2019	30,989,916	101,925,472	87,712,518	2,481,083	148,626	223,257,615
New acquisitions	0	297	0	9,280,429	76,291	9,357,017
Disposals	(310,619)	(194,752)	0	0	0	(505,372)
Transfer between asset categories	1,271	4,609,138	0	151,235	(1,002)	4,760,642
Transfer from ongoing investments	4,032,355	1,148,908	0	(5,181,263)	0	0
As at 31 December 2019	34,712,923	107,489,063	87,712,518	6,731,484	223,915	236,869,903
Accumulated amortisation						
As at 1 January 2019	(18,613,326)	(43,570,344)	0	0	0	(62,183,670)
Amortisation	(4,516,783)	(3,914,665)	0	0	0	(8,431,448)
Disposals	124,314	194,708	0	0	0	319,022
Transfer between asset categories	(1,271)	(2,589,252)	0	0	0	(2,590,523)
As at 31 December 2019	(23,007,066)	(49,879,553)	0	0	0	(72,886,619)
Net carrying amount as at 1 January 2019	12,376,590	58,355,128	87,712,518	2,481,083	148,626	161,073,945
Net carrying amount as at 31 December 2019	11,705,857	57,609,510	87,712,518	6,731,484	223,915	163,983,284

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2020	34,712,923	107,489,063	87,712,518	6,731,484	223,915	236,869,903
New acquisitions	0	0	0	8,385,005	138,411	8,523,416
Disposals	(5,592,402)	(48,402)	0	0	(198,517)	(5,839,321)
Impairments	0	(551,705)	(2,446,496)	0	0	(2,998,201)
Transfer between asset categories	0	1,368,777	0	72,736	0	1,441,513
Transfer from ongoing investments	5,787,678	3,202,702	0	(8,990,380)	0	0
As at 31 December 2020	34,908,199	111,460,435	85,266,022	6,198,845	163,809	237,997,310
Accumulated amortisation						
As at 1 January 2020	(23,007,066)	(49,879,553)	0	0	0	(72,886,619)
Amortisation	(4,426,020)	(4,216,921)	0	0	0	(8,642,941)
Disposals	5,588,642	47,450	0	0	0	5,636,092
Impairments	0	300,486	0	0	0	300,486
Transfer between asset categories	0	(870,531)	0	0	0	(870,531)
As at 31 December 2020	(21,844,444)	(54,619,069)	0	0	0	(76,463,513)
Net carrying amount as at 1 January 2020	11,705,857	57,609,510	87,712,518	6,731,484	223,915	163,983,284
Net carrying amount as at 31 December 2020	13,063,755	56,841,366	85,266,022	6,198,845	163,809	161,533,797

All intangible assets presented herein are owned by the Company and are unpledged.

8.9 percent of all intangible assets in use on 31 December 2020 were fully amortised (as compared to 8 percent as at 31 December 2019).

Intangible fixed assets as at 31 December 2020 were tested for impairment and it was determined that there is a need to impair the goodwill of EL-TEC Mulej d.o.o. by EUR 2,446,296. An impairment of EUR 251,219 was also required with regard to the right to use concession infrastructure.

The assumptions used in impairment testing and the effects recognised in the Company's financial statements have been explained as part of goodwill disclosure relating to the Group.

In 2019 the Company tested intangible fixed assets for impairment but it was determined that no impairment was required.

Goodwill

In 2013 goodwill of EUR 85,266,022 was generated as a result of the absorption of Instalacija d.o.o. The difference of EUR 53,452,160 between the net assets of the absorbed company, including goodwill, and the investment

was recognised in the financial statements of Petrol d.d., Ljubljana in 2013, specifically in retained earnings, at EUR 12,938,309, and in the fair value reserve, at EUR 40,513,851.

On 31 December 2019, the Company's goodwill disclosure included goodwill resulting from the absorption of Instalacija d.o.o. and EL-TEC Mulej d.o.o. Because goodwill was impaired in 2020, the Company's goodwill disclosure included goodwill resulting from the absorption of Instalacija d.o.o. as at 31 December 2020.

Goodwill resulting from the absorption of Instalacija d.o.o. and EL-TEC Mulej d.o.o. was tested for impairment as at 31 December 2020 and it was determined that there is a need to impair the goodwill of EL-TEC Mulej d.o.o. by EUR 2,446,496.

The assumptions used in impairment testing and the effects recognised in the Company's financial statements have been explained as part of goodwill disclosure relating to the Group.

In 2019 the Company tested goodwill for impairment but it was determined that no impairment was required.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2020 (in EUR)

	Petrol d.d.		
	31 December 2020	31 December 2019	
Right to use natural gas distribution infrastructure in the municipality of Domžale	7,400,732	7,335,567	
SAP software rights	4,727,058	3,290,029	
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	3,896,949	3,883,956	
Right to use natural gas distribution infrastructure in the municipality of Škofja Loka	3,516,102	3,623,005	
Right to use natural gas distribution infrastructure in the municipality of Idrija	3,486,323	2,174,132	

6.16 Right-of-use assets

Right-of-use assets of the Petrol Group

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost	night to use failu	bullulilgs	equipilient	Iutai
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	44,572,353	30,568,609	4,445,624	79,586,586
As at 1 January 2019	44,572,353	30,568,609	4,445,624	79,586,586
New acquisitions	0	2,236,467	654,637	2,891,104
Foreign exchange differences	(47,761)	(93,670)	(840)	(142,271)
As at 31 December 2019	44,524,592	32,711,406	5,099,421	82,335,419
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(3,113,751)	(5,921,949)	(1,781,484)	(10,817,184)
Foreign exchange differences	3,897	16,389	428	20,714
As at 31 December 2019	(3,109,854)	(5,905,560)	(1,781,056)	(10,796,470)
Net carrying amount as at 1 January 2019	44,572,353	30,568,609	4,445,624	79,586,586
Net carrying amount as at 31 December 2019	41,414,738	26,805,846	3,318,365	71,538,949
Cost				
As at 1 January 2020	44,524,592	32,711,406	5,099,421	82,335,419
New acquisitions	0	5,533,630	922,450	6,456,080
Disposals	(689,581)	(6,141,585)	(51,913)	(6,883,079)
Foreign exchange differences	(150,032)	(311,899)	(4,241)	(466,172)
As at 31 December 2020	43,684,979	31,791,552	5,965,717	81,442,248
Accumulated depreciation				
As at 1 January 2020	(3,109,854)	(5,905,560)	(1,781,056)	(10,796,470)
Depreciation	(3,119,139)	(5,275,933)	(1,744,693)	(10,139,765)
Disposals	18,325	1,754,754	48,008	1,821,087
Foreign exchange differences	13,218	59,529	1,759	74,506
As at 31 December 2020	(6,197,450)	(9,367,210)	(3,475,982)	(19,040,642)
Net carrying amount as at 1 January 2020	41,414,738	26,805,846	3,318,365	71,538,949
Net carrying amount as at 31 December 2020	37,487,529	22,424,342	2,489,735	62,401,606

Right-of-use assets of Petrol d.d., Ljubljana

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost	night to use failu	bullulitys	equipinent	Total
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	32,908,459	1,015,136	3,951,141	37,874,736
As at 1 January 2019	32,908,459	1,015,136	3,951,141	37,874,736
New acquisitions	0	0	512,657	512,657
As at 31 December 2019	32,908,459	1,015,136	4,463,798	38,387,393
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(2,162,182)	(303,738)	(1,574,909)	(4,040,829)
As at 31 December 2019	(2,162,182)	(303,738)	(1,574,909)	(4,040,829)
Net carrying amount as at 1 January 2019	32,908,459	1,015,136	3,951,141	37,874,736
Net carrying amount as at 31 December 2019	30,746,277	711,398	2,888,889	34,346,564
Cost				
As at 1 January 2020	32,908,459	1,015,136	4,463,798	38,387,393
New acquisitions	0	4,377	922,450	926,827
Disposals	(689,581)	(89,282)	(47,735)	(826,598)
As at 31 December 2020	32,218,878	930,231	5,338,513	38,487,622
Accumulated depreciation				
As at 1 January 2020	(2,162,182)	(303,738)	(1,574,909)	(4,040,829)
Depreciation	(2,143,857)	(214,456)	(1,527,174)	(3,885,487)
Disposals	18,325	89,282	47,735	155,342
As at 31 December 2020	(4,287,714)	(428,912)	(3,054,348)	(7,770,974)
Net carrying amount as at 1 January 2020	30,746,277	711,398	2,888,889	34,346,564
Net carrying amount as at 31 December 2020	27,931,164	501,319	2,284,165	30,716,648

The Group holds land, buildings and various equipment under a lease. The term of a lease depends on the type of the leased asset. It can be:

- · from 5 to 30 years for land,
- · from 5 to 10 years for buildings,
- \cdot from 4 to 10 years for equipment.

The lessee's lease payment liabilities are not secured. The Group applies an exemption allowed by the standard to the recognition of liabilities arising from short-term leases and leases of low-value assets.

Lease payments are fixed and stipulated in the contract.

Extension and termination options

Lease contracts can be terminated if the parties do not honour contractual obligations or if there is a mutual agreement to terminate the contract. Options to extend the contracts have not been provided for.

6.17 Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2019	211,730,212	684,932,935	4,204,588	293,200,053	41,543,233	1,235,611,021
New acquisitions as a result of control obtained	1,372,841	4,788,509	0	21,831,847	1,560,119	29,553,316
New acquisitions	0	2,460	0	58,786	83,685,610	83,746,856
Disposals	(1,714,851)	(7,667,394)	(128,273)	(9,866,922)	0	(19,377,440)
Reallocation of goodwill	47,419	7,144,368	585,238	0	0	7,777,025
Transfer between asset categories	0	0	0	(4,611,237)	(151,235)	(4,762,472)
Transfer from ongoing investments	6,567,443	34,870,832	73,121	28,745,864	(70,257,260)	0
Transfer to investment property	0	(617,089)	0	197	(256,062)	(872,954)
Foreign exchange differences	(263,266)	(432,714)	(2,019)	(310,339)	18,313	(990,025)
As at 31 December 2019	217,739,798	723,021,907	4,732,655	329,048,249	56,142,718	1,330,685,327
Accumulated depreciation						
As at 1 January 2019	0	(410,973,941)	(1,908,901)	(169,386,706)	0	(582,269,548)
New acquisitions as a result of control obtained	0	(1,172,208)	0	(9,674,329)	0	(10,846,537)
Depreciation	0	(23,691,287)	(389,831)	(22,649,063)	0	(46,730,181)
Disposals	0	6,673,349	199,015	9,206,340	0	16,078,704
Transfer between asset categories	0	(5,373)	0	2,592,793	0	2,587,420
Foreign exchange differences	0	240,769	1,831	184,378	0	426,978
As at 31 December 2019	0	(428,928,691)	(2,097,886)	(189,726,587)	0	(620,753,164)
Net carrying amount as at 1 January 2019	211,730,212	273,958,994	2,295,687	123,813,347	41,543,233	653,341,473
Net carrying amount as at 31 December 2019	217,739,798	294,093,216	2,634,769	139,321,662	56,142,718	709,932,163

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	11		
As at 1 January 2020	217,739,798	723,021,907	4,732,655	329,048,249	56,142,718	1,330,685,327
New acquisitions as a result of control obtained	0	0	0	0	1,910,082	1,910,082
New acquisitions	0	0	0	0	68,400,698	68,400,698
Disposals	(350,211)	(1,995,224)	(29,908)	(9,997,674)	(158,364)	(12,531,381)
Impairments	(1,248,001)	(2,807,464)	(229,783)	(1,536,949)	0	(5,822,197)
Reallocation of goodwill	0	0	0	297,715	0	297,715
Transfer between asset categories	719,507	7,815,086	0	(2,798,881)	(987,699)	4,748,013
Transfer from ongoing investments	2,329,818	36,509,476	487,137	33,908,747	(73,235,178)	0
Transfer to investment property	0	(14,075,325)	0	0	(754,148)	(14,829,473)
Foreign exchange differences	(896,531)	(1,923,293)	(4,787)	(1,089,785)	(58,130)	(3,972,526)
As at 31 December 2020	218,294,380	746,545,163	4,955,314	347,831,422	51,259,979	1,368,886,258
Accumulated depreciation						
As at 1 January 2020	0	(428,928,691)	(2,097,886)	(189,726,587)	0	(620,753,164)
Depreciation	0	(25,087,406)	(312,590)	(26,355,230)	0	(51,755,226)
Disposals	0	909,188	2,585	6,661,142	0	7,572,915
Impairments	0	205,794	0	532,073	0	737,867
Transfer between asset categories	0	(4,598,534)	0	706,225	0	(3,892,309)
Transfer to investment property	0	7,964,325	0	0	0	7,964,325
Foreign exchange differences	0	875,742	4,231	566,982	0	1,446,955
As at 31 December 2020	0	(448,659,582)	(2,403,660)	(207,615,395)	0	(658,678,637)
Net carrying amount as at 1 January 2020	217,739,798	294,093,216	2,634,769	139,321,662	56,142,718	709,932,163
Net carrying amount as at 31 December 2020	218,294,380	297,885,581	2,551,654	140,216,027	51,259,979	710,207,621

55 percent of all items of property, plant and equipment in use on 31 December 2020 were fully depreciated (as compared to 54 percent as at 31 December 2019).

Items of property, plant and equipment pledged as security

The present value of equipment pledged as security totalled EUR 0 as at 31 December 2020 (2019: EUR 3,551,590).

Assets held under finance lease

None of the Group's assets are held under finance lease.

When testing asset impairment indicators, the Group determined that the carrying amount of the assets of the cash-generating units EL-TEC Mulej, Ekoen d.o.o. and Petrol Črna Gora MNE d.o.o. exceeded the fair value and value in use of these assets. Lower value estimates are mainly a reflection of lower expectations regarding future cash flows. Therefore, the Group impaired the assets of the cash-generating units as at 31 December 2020 by EUR 6,233,941, based on independent appraisals and internal assessments.

When testing asset impairment indicators, the Group determined that the reasons for the impairment of the assets of the cash-generating unit Petrol Beograd d.o.o. ceased to apply. The Group reversed the impairment of the assets of the cash-generating unit of EUR 1,149,612.

The assumptions used in estimating the value of the cash-generating unit EL-TEC Mulej and the effects recognised in the Group's financial statements have been explained as part of goodwill disclosure relating to the Group.

To assess the value of the fixed assets of the cash-generating unit Ekoen d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 7 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 2 percent were used. In 2019 the value of fixed assets in Ekoen d.o.o. was tested using the market approach and the cost approach.

To assess the value of the fixed assets of the cash-generating unit Petrol Črna Gora MNE d.o.o., 10-year financial plans of the cash-generating unit, the required rate of return of 11.6 percent after taxes and the annual growth rate of remaining free cash flows (the residual value) of 1.7 percent were used. The cash flow projection period is based on plans for the development and growth of the company up to the period when the cash flows are expected to stabilise over the long term.

The Group also checked if there was an indication that the assets of the cash-generating unit – the service station network – may be impaired, with the Group delineating individual cash-generating units at the level of service station networks in individual countries. No impairment of the assets of the cash-generating units – the service station networks – was required.

When testing asset impairment indicators in 2019, the Group determined that no indications of impairment were present with regard to the assets as at 31 December. No impairment of property, plant and equipment was required.

Overview of acquisitions resulting from a takeover of/control obtained over companies in 2020

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Petrol-OTI-Terminal L.L.C.	0	0	0	1,910,082	1,910,082
New acquisitions as a result of control obtained	0	0	0	1,910,082	1,910,082

Overview of groups of investments in property, plant and equipment in 2020 including investments in excess of EUR 1,200,000

(in EUR)	2020
Investments in wind farms	25,127,693
Energy management of buildings	7,607,927
Purchase of vehicles	3,989,065
Investment in a storage facility	3,924,800
Acquisition and construction of service stations	2,771,137
Refurbishment of car washes	1,871,070
Purchase of land	1,320,482

Property, plant and equipment of Petrol d.d., Ljubljana

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost	Lund	Bunuingo	Equipmont	mvostmonto	Total
As at 1 January 2019	104,358,050	519,362,112	238,043,271	34,074,420	895,837,853
New acquisitions	0	0	0	57,906,425	57,906,425
Disposals	(1,640,542)	(7,111,744)	(7,780,734)	0	(16,533,020)
Transfer between asset categories	0	0	(4,611,237)	(151,235)	(4,762,472)
Transfer from ongoing investments	633,128	24,317,808	22,329,651	(47,280,586)	0
Transfer to investment property	0	(617,089)	0	(256,062)	(873,151)
Transfer from investment property	0	0	197	0	197
As at 31 December 2019	103,350,635	535,951,087	247,981,148	44,292,962	931,575,832
Accumulated depreciation					
As at 1 January 2019	0	(372,918,438)	(156,256,964)	0	(529,175,402)
Depreciation	0	(15,331,991)	(15,420,648)	0	(30,752,639)
Disposals	0	6,496,513	7,499,609	0	13,996,122
Transfer between asset categories	0	(5,373)	2,592,793	0	2,587,420
As at 31 December 2019	0	(381,759,290)	(161,585,211)	0	(543,344,501)
Net carrying amount as at 1 January 2019	104,358,050	146,443,674	81,786,307	34,074,420	366,662,451
Net carrying amount as at 31 December 2019	103,350,635	154,191,797	86,395,937	44,292,962	388,231,331

(in EUR)	Land	Buildinas	Equipment	Ongoing investments	Total
Cost	Lanu	Dullulligs	Equipilient	IIIVGSUIIGIIIS	Iotai
As at 1 January 2020	103,350,635	535,951,087	247,981,148	44,292,962	931,575,832
New acquisitions	0	0	0	30,548,494	30,548,494
Disposals	(350,211)	(1,957,394)	(7,016,822)	(158,364)	(9,482,791)
		* * * * *	,		
Impairments	0	(2,466,763)	(1,536,949)	0	(4,003,712)
Transfer between asset categories	(167,215)	4,935,901	80,304	(72,736)	4,776,254
Transfer from ongoing investments	14,375	30,879,533	25,732,958	(56,626,866)	0
Transfer to investment property	0	(30,442)	0	(754,148)	(784,590)
As at 31 December 2020	102,847,584	567,311,922	265,240,639	17,229,342	952,629,487
Accumulated depreciation					
As at 1 January 2020	0	(381,759,290)	(161,585,211)	0	(543,344,501)
Depreciation	0	(16,048,512)	(17,495,993)	0	(33,544,505)
Disposals	0	871,231	5,937,392	0	6,808,623
Impairments	0	205,794	532,073	0	737,867
Transfer between asset categories	0	(3,899,012)	6,703	0	(3,892,309)
Transfer to investment property	0	30,442	0	0	30,442
As at 31 December 2020	0	(400,599,347)	(172,605,036)	0	(573,204,383)
Net carrying amount as at 1 January 2020	103,350,635	154,191,797	86,395,937	44,292,962	388,231,331
Net carrying amount as at 31 December 2020	102,847,584	166,712,575	92,635,603	17,229,342	379,425,104

34.2 percent of all items of property, plant and equipment in use on 31 December 2020 were fully depreciated (as compared to 35 percent as at 31 December 2019).

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are unpledged.

Assets held under finance lease

The Company has no property, plant and equipment under finance lease.

In accordance with IAS 36 and based on external and internal sources of information and factors, the Company checked if there was an indication that the assets may be impaired as at 31 December 2020. The checking revealed that the carrying amount of the assets of the

cash-generating unit EL-TEC Mulej exceeded the fair value and value in use of these assets. The assumptions used in estimating the value of the cash-generating unit EL-TEC Mulej and the effects recognised in the Company's financial statements have been explained as part of goodwill disclosure relating to the Group.

When testing asset impairment indicators in 2019, the Company determined that no indications of impairment were present with regard to property, plant and equipment as at 31 December, meaning that no impairment was required.

Overview of groups of investments in property, plant and equipment in 2020 including investments in excess of EUR 1,200,000

(in EUR)	2020
Energy management of buildings	7,607,927
Investment in a storage facility	3,924,800
Acquisition and construction of service stations	2,771,137
Refurbishment of car washes	1,871,070
Purchase of land	1,320,482

6.18 Investment property

Investment property comprises buildings (storage facilities, car washes, bars) being leased out by the Group/Company.

	The Petrol Group	Petrol d.d.
(in EUR)	Investment property	Investment property
Cost		
As at 1 January 2019	35,709,312	34,725,698
Disposals	(248,535)	(248,535)
Transfer between asset categories	1,830	1,830
Transfer from property, plant and equipment	872,954	872,954
As at 31 December 2019	36,335,562	35,351,947
Accumulated depreciation		
As at 1 January 2019	(18,360,476)	(17,880,046)
Depreciation	(1,150,792)	(1,114,718)
Disposals	3,907	3,907
Transfer between asset categories	3,103	3,103
As at 31 December 2019	(19,504,258)	(18,987,754)
Net carrying amount as at 1 January 2019	17,348,836	16,845,651
Net carrying amount as at 31 December 2019	16,831,304	16,364,192

	The Petrol Group	Petrol d.d.
(in EUR)	Investment property	Investment property
Cost		
As at 1 January 2020	36,335,562	35,351,947
Disposals	(241,532)	(241,532)
Impairments	(3,571,076)	(999,168)
Transfer between asset categories	(6,217,766)	(6,217,766)
Transfer from property, plant and equipment	14,829,474	784,591
As at 31 December 2020	41,134,662	28,678,072
Accumulated depreciation		
As at 1 January 2020	(19,504,258)	(18,987,754)
Depreciation	(1,164,368)	(1,128,294)
Impairments	257,460	257,460
Transfer between asset categories	4,762,840	4,762,840
Transfer from property, plant and equipment	(7,964,325)	(30,442)
As at 31 December 2020	(23,612,650)	(15,126,190)
Net carrying amount as at 1 January 2020	16,831,304	16,364,192
Net carrying amount as at 31 December 2020	17,522,012	13,551,882

The Petrol Group

After assessing the intended use of the property and the long-term goals pursued as at 31 December 2020, the Group determined that certain property held by the Group meets the criteria to be classified as investment property. The Group transferred property of EUR 6,865,149 from fixed assets to investment property as a result.

In 2020 revenue generated by the Group from investment property totalled EUR 2,936,604 (2019: EUR 2,732,812). According to the Group's estimates, the fair value of investment property stood at EUR 32,934,232 as at 31 December 2020 (EUR 23,496,274 as at 31 December 2019). The Group estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising mostly lease payments for leased investment property.

To assess the fair value of investment property, the required rate of return from 8.95 to 11.95 percent after taxes (2019: 9.03 percent) and the long-term growth rate of lease payments from 0 to 1 percent (2019: 0.05 percent) were used.

When testing investment property impairment indicators, the Group determined that the carrying amount of certain investment properties exceeded their fair value and value in use. Therefore, the Group impaired the investment property as at 31 December 2020 by EUR 3,313,616, based on internal assessments. When testing investment property impairment indicators in 2019, the Group determined that

no indications of impairment were present with regard to investment property as at 31 December, meaning that no impairment was required.

Petrol d.d., Ljubljana

In 2020 revenue generated by the Company from investment property totalled EUR 2,336,056 (2019: EUR 2,606,176). According to the Company's estimates, the fair value of investment property stood at EUR 27,317,468 as at 31 December 2020 (EUR 22,544,440 as at 31 December 2019). The Company estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising mostly lease payments for leased investment property. The growth rate and the required rate of return are expected to equal 0.05 percent (2019: 0.05 percent) and 8.95 percent (2019: 8.95 percent), respectively.

When testing investment property impairment indicators, the Company determined that the carrying amount of certain investment properties exceeded their fair value and value in use. Therefore, the Company impaired the investment property as at 31 December 2020 by EUR 741,708, based on internal assessments.

When testing investment property impairment indicators in 2019, the Company determined that no indications of impairment were present with regard to investment property as at 31 December, meaning that no impairment was required.

6.19 Investments in subsidiaries

The Petrol Group

In the preparation of the Group's financial statements, investments in subsidiaries are eliminated on consolidation. A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group* of the business report.

Petrol d.d., Ljubljana

Information about direct subsidiaries as at 31 December 2020

The directly owned subsidiaries of Petrol d.d., Ljubljana are as follows:

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31 December 2020 (in EUR)	Net profit or loss for 2020
Slovenia				
IGES d.o.o.	Dunajska cesta 50, Ljubljana, Slovenia	100%	15,813,236	16,975
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	100%	816,363	(236)
Petrol GEO d.o.o.	Mlinska ulica 5d, Lendava, Slovenia	100%	868,068	(622,378)
Ekoen d.o.o.	Luče 117a, Luče, Slovenia	100%	767,626	(7,733)
Ekoen S d.o.o.	Ljubljanska cesta 35, Domžale, Slovenia	100%	8,313	(1,691)
MBills d.o.o.	Tržaška cesta 118, Ljubljana, Slovenia	100%	5,670,812	(1,812,254)
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	74%	137,714,134	11,922,292
Atet d.o.o. ¹	Devova ulica 6a, Ljubljana, Slovenia	72.96%	1,880,902	4,388
Croatia				
Petrol d.o.o.	Oreškovićeva 6h, Zagreb, Croatia	100%	180,777,361	21,164,081
Vjetroelektrane Glunča d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	10,448,481	816,009
Vjetroelektrana Ljubač d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	(140,372)	(130,714)
Zagorski metalac d.o.o. ²	Celine 2, Zabok, Croatia	75%	8,692,034	718,709

Serbia				
Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	29,065,813	2,171,931
Beogas d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	19,384,400	1,598,478
Petrol LPG d.o.o.	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	11,240,271	1,788,185
STH Energy d.o.o. Kraljevo	Miloša Velikog 52-2/14, Kraljevo, Serbia	80%	547,800	(31,827)
Montenegro				
Petrol Crna Gora MNE d.o.o.	Josipa Broza Tita 19, Podgorica, Montenegro	100%	20,403,055	454,463
Other countries				
Petrol BH Oil Company d.o.o. Sarajevo	Tešanjska 24a, Sarajevo, Bosnia and Herzegovina	100%	65,585,177	5,116,672
Petrol Hidroenergija d.o.o. Teslić	Branka Radičevića 1, Teslić, Bosnia and Herzegovina	80%	7,524,012	512,574
Petrol Power d.o.o. Sarajevo	Tešanjska 24a, Sarajevo, Bosnia and Herzegovina	99.75%	(1,742,997)	(175,003)
Petrol Trade Handelsgesellschaft m.b.H.	Elisabethstrasse 10 Top 4 u.5, Vienna, Austria	100%	1,712,231	151,148
Petrol-Energetika DOOEL Skopje	Ul. Sv. Kiril i Metodij 20, Skopje, Macedonia	100%	109,417	2,104
Petrol Bucharest ROM S.R.L.	B-dul Tudor Vladimirescu 22, Sector 5, Bucharest, Romania	100%	(89,461)	5,152
	V celnici 1031/4, Nové Město, 110 00 Praha 1, Czech			
Petrol Praha CZ S.R.O.	Republic	100%	(78,099)	(10,792)
Petrol-OTI-Terminal L.L.C.	Miradi e Epeme b.b., Kosovo Polje, Kosovo	100%	8,558,630	(19,908)
Petrol Trade Slovenija L.L.C.	Gornje Dobrevo industrijska zona b.b., Kosovo Polje, Kosovo	100%	(6,833)	(709)

¹ Petrol d.d., Ljubljana has 76% of voting rights in the company Atet d.o.o.

Information about indirect subsidiaries as at 31 December 2020

The companies Petrol LPG d.o.o. Beograd, Petrol d.o.o. Beograd, IGES, d.o.o., Beograd Invest d.o.o., Petrol d.o.o., Geoplin d.o.o. and Ekoen d.o.o. are the controlling companies

of the Petrol LPG Group, the Petrol Beograd Group, the IGES Group, the Beogas Invest Group, the Petrol Zagreb Group, the Geoplin Group and the Ekoen Group, respectively. The subsidiaries from these groups are presented in the table below.

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31 December 2020 (in EUR)	Net profit or loss for 2020
The Petrol LPG Group				
Tigar Petrol d.o.o. Beograd	Kosovska 17, Belgrade (Stari Grad), Serbia	100%	(193,315)	(111,027)
Petrol LPG HIB d.o.o.	Preduzetnička zona bb, Šamac, Bosnia and Herzegovina	100%	(132,662)	(127,114)
The Petrol Beograd Group				
Petrol Lumennis PB d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	186	183
Petrol Lumennis VS d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	300	297
The IGES Group				
Vitales d.o.o.1	Hrvatskih branitelja b 2, Vitez, Bosnia and Herzegovina	100%	0	0
Vitales d.o.o. Bihać1	Naselje Ripač b.b., Bihać, Bosnia and Herzegovina	100%	0	0
The Petrol Zagreb Group				
Petrol javna rasvjeta d.o.o.	Oreškovićeva 6h, Zagreb, Croatia	100%	42,010	25,011
Adria-Plin d.o.o.	Ulica Stinice 15, Kastel Gomilica, Croatia	75%	151,692	35,579
The Geoplin Group				
Geocom d.o.o.	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	100%	423,197	0
Geoplin d.o.o.	Radnička cesta 39, Zagreb, Croatia	100%	777,965	226,750
Geoplin d.o.o. Beograd	Zelenogorska ulica broj 1g, 11070 Novi Beograd, Serbia	100%	39,383	0
The Ekoen Group				
Ekoen GG d.o.o.	Luče 117a, Luče, Slovenia	100%	(10,436)	(7,390)

¹ The company is in bankruptcy proceedings.

² The subsidiary Geoplin d.o.o. Ljubljana owns a 25-percent interest in Zagorski metalac d.o.o. In total, the Group has a 93.57-percent interest in Zagorski metalac d.o.o.

Balance of investments in subsidiaries

	Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019
Petrol d.o.o.	136,133,985	136,133,985
Geoplin d.o.o. Ljubljana	56,901,637	56,901,637
Petrol BH Oil Company d.o.o. Sarajevo	34,537,990	34,537,990
Petrol d.o.o. Beograd	23,602,819	23,602,819
Petrol Crna Gora MNE d.o.o.	19,396,000	19,396,000
IGES d.o.o.	15,774,400	15,774,400
Beogas d.o.o. Beograd	12,774,000	12,774,000
MBills d.o.o.	12,128,514	11,039,000
Petrol LPG d.o.o.	9,457,948	2,057,948
Zagorski metalac d.o.o.	7,921,915	8,414,665
Vjetroelektrane Glunča d.o.o.	6,523,622	6,523,622
Petrol Hidroenergija d.o.o. Teslić	5,000,409	5,000,409
Atet d.o.o.	4,044,396	4,044,396
Petrol-OTI-Terminal L.L.C.	1,805,000	0
Vjetroelektrana Ljubač d.o.o.	1,556,760	1,492,570
Ekoen d.o.o.	1,249,867	1,916,493
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol GEO d.o.o.	697,020	697,020
STH Energy d.o.o.	467,868	371
Petrol Trade Handelsgesellschaft m.b.H.	147,830	147,830
Ekoen S d.o.o.	50,737	50,737
Petrol-Energetika DOOEL Skopje	25,000	25,000
Petrol Bucharest ROM S.R.L.	10,000	10,000
Petrol Praha CZ S.R.O.	9,958	9,958
Petrol Trade Slovenija L.L.C.	1,000	1,000
Petrol Power d.o.o. Sarajevo	0	0
Total investments in subsidiaries	351,013,627	341,346,801

	Key assun	nptions	Change in ke	y assumptions			Effect of change	
					Effect of change in the discount	Effect of change in the long-term	in the discount rate and the long-term	Effect on impairment
	Discount	Long-term	Discount	Long-term	rate on the	growth rate on	growth rate on	when key
(in EUD Aboutourd)	rate	growth	rate	growth	recoverable	the recovera-	the recoverable	assumptions
(in EUR thousand)	(WACC)	rate (g)	(WACC)	rate (g)	amount	ble amount	amount	change
			+0.5	-0.5	(6,879)	(8,016)	(17,348)	
Petrol d.o.o.	9.8%; 10.9%	2%	-0.5	+0.5	7,687	8,960	21,669	-
			+0.5	-0.25	(2,700)	(2,100)	(500)	-
Petrol d.o.o. Beograd	9.60%	2.20%	-0.5	0.25	3,000	2,400	5,500	-
			+0.5	-0.5	(1,300)	(1,000)	(2,200)	(896)
Petrol Crna Gora MNE d.o.o.	10.70%	1.70%	-0.5	+0.5	1,400	1,000	2,600	-
			+0.5	-0.5	(512)	(439)	(872)	-
Atet d.o.o.	5.9%; 6.9%	2.20%	-0.5	+0.5	629	538	1,315	-
			+0.5	-0.5	(234)	(151)	(368)	(368)
Zagorski metalac d.o.o.	10.30%	0%	-0.5	+0.5	257	166	445	-
			+0.5	-0.5	(109)	(86)	(180)	(180)
Ekoen d.o.o.	7.00%	2%	-0.5	+0.5	133	106	268	-
			+0.5	-0.5	(798)	(598)	(1,317)	(1,161)
MBILLS d.o.o.	30.0%; 9.5%	2%	-0.5	+0.5	912	684	1,716	-

			+0.5	-0.5	(3,252)	(2,370)	(5,302)	-
Geoplin d.o.o. Ljubljana	8.50%	1%	-0.5	+0.5	3,711	2,709	6,898	-
			+0.5	-	(549)	-	(549)	-
Vjetroelektrane Glunča d.o.o.	9.50%	-	-0.5	-	573	-	573	-
			+0.5	-	(1,444)	-	(1,444)	(692)
Vjetroelektrana Ljubač d.o.o.	9.00%	-	-0.5	-	1,550	-	1,550	-
			+0.5	-	(175)	-	(175)	-
Petrol Hidroenergija d.o.o. Teslić	9.38%	-	-0.5	-	182	-	182	-

Changes in investments in subsidiaries

	Petrol d.d.		
(in EUR)	2020	2019	
As at 1 January	341,346,801	326,416,061	
New acquisitions	10,826,202	14,802,360	
Transfer within investments in the Group	0	128,380	
Impairment	(1,159,376)	0	
As at 31 December	351,013,627	341,346,801	

Major new acquisitions of investments in subsidiaries were as follows in 2020:

- Acquisition of a 100-percent interest in Petrol-OTI-Terminal L.L.C. totalling EUR 1,805,000. The impact on the Group's financial statements is presented in Note 6.1.
- Purchase of a minority interest in the subsidiary Petrol LPG d.o.o. Beograd totalling EUR 7,464,190, with the Company thus becoming the sole owner of the subsidiary.
- Increase of the holding in MBills d.o.o. by EUR 1,089,514, with the Company thus becoming the sole owner of the subsidiary
- Capital increase of STH Energy d.o.o. totalling EUR 467,498.

In accordance with IAS 36, the Company tested investment impairment indicators and determined that the carrying amount of the investments in the subsidiaries Ekoen d.o.o. and Zagorski metalac d.o.o. exceeded their fair value or value in use. Based on internal valuations, the Company thus impaired the investments by EUR 1,159,376 as follows: the investment in the subsidiary Ekoen d.o.o. was impaired by EUR 666,626 and the investment in the subsidiary Zagorski metalac d.o.o. by EUR 492,750.

When testing Ekoen d.o.o. for impairment, the free cash flow projection for the period of 5 years and normalised cash flow after that period were used. The cash flow projection period reflects the operations and investment activities of the company. The growth rate of free cash flows is based on an expected price growth rate. The required rate of return used in the calculation was 7.0 percent after taxes. The annual growth rate of remaining free cash flows (the residual value) used was 2 percent. In 2019 the value of the investment in Ekoen d.o.o. was checked against the assessed value of the assets of Ekoen d.o.o. The fair value of the assets was assessed in connection with their initial recognition in the Group's consolidated financial statements

using the market approach and the cost approach. The investment in Ekoen d.o.o. was not impaired in 2019.

When testing Zagorski metalac d.o.o. for impairment, the free cash flow projection for the period of 5 years and normalised cash flow after that period were used. The cash flow projection period reflects the operations and investment activities of the company. The growth rate of free cash flows is based on an expected price growth rate. The required rate of return used in the calculation was 10.3 percent after taxes (2019: 7.91 percent). The annual growth rate of remaining free cash flows (the residual value) used was 0 percent (2019: 1.5 percent). The investment in Ekoen d.o.o. was not impaired in 2019.

When testing investment impairment indicators in 2019, the Company determined that no indications of impairment were present with regard to investments in subsidiaries as at 31 December, meaning that no impairment was required.

Major new acquisitions of investments in subsidiaries were as follows in 2019:

- Acquisitions of interests in the companies Atet d.o.o., STH Energy d.o.o. and Adia-Plin d.o.o. totalling EUR 4,351,767;
- Purchase of minority interests in the subsidiary Geoplin d.o.o. totalling EUR 447,178.40, in Zagorski metalac d.o.o. totalling EUR 1,346,225 and in Vjetroelektrana Ljubač d.o.o. totalling EUR 1,492,570;
- · Capital increase of MBills d.o.o. totalling EUR 7,600,000;
- Capital increase of Petrol Power d.o.o. Sarajevo totalling EUR 8,032,844 by converting debt to equity. Upon conversion to equity, the Company's financial receivables from Petrol Power d.o.o. Sarajevo were impaired in full. The allowance for the value of the financial receivables was transferred to the investment in full when the conversion to equity took place.

By purchasing the assets from the company Crodux Plin d.o.o., the subsidiary Petrol Zagreb d.o.o. acquired the EUR 307,000 investment in the subsidiary Adria-Plin d.o.o., including it in its financial statements.

In 2019 the Group absorbed the companies Beogas Invest d.o.o., Domingas d.o.o. and Dubrovnik Plin d.o.o. In 2020 no mergers by absorption took place in the Group.

Options contracts

The agreement on the exchange of interests in Plinhold d.o.o. for interests in Geoplin entered into with the Republic of Slovenia on 29 December 2017 envisages a second stage of the exchange to take place following the fulfilment of suspensive conditions. During this second stage of exchanging the interests, Petrol d.d., Ljubljana will acquire a 25.01-percent interest in Geoplin d.o.o. in exchange for the 16.98-percent holding in Plinhold d.o.o. it had disposed of.

In the event that the second stage under the above agreement on the exchange of interests and the acquisition of interests from other stakeholders is carried out in full, it will cause the non-controlling interest in the equity of the Petrol Group to decrease by EUR 44,901,464.

In addition to a contract for the acquisition of a 76-percent interest in Atet d.o.o. of July 2019, an options contract was signed with the seller under which Petrol d.d., Ljubljana has an option to acquire the remaining interest in Atet d.o.o. in the period from 1 May 2022 to 30 July 2022. The seller, on the other hand, has a put option to sell the remaining interest in the period from 31 July 2022 to 31 October 2022.

6.20 Investments in jointly controlled entities

A more detailed overview of the Group's structure is presented in chapter Companies in the Petrol Group of the business report.

Information about jointly controlled entities as at 31 December 2020

			Ownership and	d voting rights
Name of jointly controlled entity	Address of jointly controlled entity	Business activities	31 December 2020	31 December 2019
Slovenia				
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenia	Electricity, gas and steam supply	25%	25%
Other countries				
Vjetroelektrana Dazlina d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	Electricity production	50%	50%

After analysing the contracts of members of jointly controlled entities, the Group/Company established that it does not control those entities, disclosing them as investments in jointly controlled entities as a result.

Balance of investments in jointly controlled entities

	The Petro	ol Group	Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Soenergetika d.o.o.	440,084	475,707	210,000	210,000
Geoenergo d.o.o.	99,872	111,258	0	0
Vjetroelektrana Dazlina d.o.o.	22,060	23,308	23,000	23,000
Total investments in jointly controlled entities	562,016	610,273	233,000	233,000

The Petrol Group

Changes in investments in jointly controlled entities

	The Petrol Group		
(in EUR)	2020	2019	
As at 1 January	610,273	1,774,437	
Attributed profit/loss	124,978	192,568	
Dividends received	(172,934)	(150,000)	
Transfer to investments in jointly controlled entities	915,000	0	
Transfer to investments in subsidiaries	0	(128,775)	
Disposals	(915,000)	(1,077,833)	
Foreign exchange differences	(301)	(124)	
As at 31 December	562,016	610,273	

In conformity with the equity method, the Group recorded attributable profit of EUR 124,978 in 2020. From this amount, dividends on retained earnings, which stood at EUR 192,568, were deducted. These items are explained in more detail in Note 6.10.

The Group increased the capital of the jointly controlled entity Petrol OTI Slovenija L.L.C. in 2020 by converting financial receivables to equity. The company was sold at the end of 2020.

In 2019 the Group acquired an additional 50-percent interest in the jointly controlled entity Vjetroelektrana Ljubač d.o.o., recording it as a subsidiary as at 31 December 2019 as a result.

In 2019 the Group suspended its business operations in the jointly controlled entity Petrol Slovenia Tirana Wholesale sh.a. In 2019 the company was struck off the Companies Register. As the investment in this company had been impaired in full in the previous years, the striking off had no impact on the Group's profit or loss in 2019.

The testing of investment impairment indicators applicable to investments in jointly controlled entities identified no need for impairment in 2020 and 2019.

Significant amounts from the financial statements of jointly controlled entities

2019

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Petrol OTI Slovenija L.L.C	19,335,223	5,761,974	7,376,963	(986,020)	(502,870)
Soenergetika d.o.o.	2,748,088	926,028	3,817,484	691,738	172,935
Geoenergo d.o.o.	769,994	450,403	1,285,391	39,029	19,515
Vjetroelektrana Dazlina d.o.o.	121,186	119,496	0	(254)	(127)

2020

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	2,321,252	641,686	3,502,343	549,244	137,311
Geoenergo d.o.o.	743,621	446,800	660,704	(22,770)	(11,385)
Vjetroelektrana Dazlina d.o.o.	123,303	123,275	0	(1,643)	(822)

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

	Petrol d.d.	
(in EUR)	2020	2019
As at 1 January	233,000	1,347,380
Transfer to investments in jointly controlled entities	1,070,000	0
Transfer to investments in subsidiaries	0	(128,380)
Disposals	(1,070,000)	(986,000)
As at 31 December	233,000	233,000

The increase in investments in jointly controlled entities relates to the capital increase of the jointly controlled entity Petrol OTI Slovenija L.L.C. by means of converting debt to capital. The Company's financial receivables from Petrol OTI Slovenija L.L.C. were partially impaired. Petrol OTI Slovenija L.L.C. was sold at the end of 2020.

The transfer to investments in subsidiaries was related to Vjetroelektrana Ljubač d.o.o. in 2019. The decrease in investments was related to Petrol Slovenia Tirana Wholesale sh.a., which was liquidated by the Group in 2019.

Options contracts

The contract for the acquisition of a 50-percent interest in Vjetroelektrarna Dazlina d.o.o. from 2017 contains a call option under which Petrol d.d., Ljubljana has an option to acquire the remaining 50-percent interest in Vjetroelektrarna Dazlina d.o.o. at fair value. The option is enforceable subject to suspensive conditions.

6.21 Investments in associates

A more detailed overview of the Group's structure is presented in chapter Companies in the Petrol Group of the business report.

Information about associates as at 31 December 2020

			Ownership and voting rights	
Name of associate	Address of associate	Business activities	31 December 2020	31 December 2019
Slovenia				
Plinhold d.o.o.	Mala ulica 5, Ljubljana, Slovenia	Management of gas infrastructure	30%	30%
Aquasystems d.o.o.	Dupleška cesta 330, Maribor, Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Serbia				
lvicom Energy d.o.o.	Jug Bogdanova 2, Žagubica, Serbia	Electricity production	25%	25%

Balance of investments in associates

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Plinhold d.o.o.	52,230,606	50,155,547	26,273,425	26,273,425
lvicom Energy d.o.o.	2,561,723	2,585,928	2,575,000	2,575,000
Aquasystems d.o.o.	1,161,062	1,914,132	337,051	1,091,028
Total investments in associates	55,953,391	54,655,607	29,185,477	29,939,454

The Petrol Group

Changes in investments in associates

	The Petrol Group		
(in EUR)	2020	2019	
As at 1 January	54,655,607	50,917,836	
Attributed profit/loss	3,383,812	2,356,037	
Dividends received	(1,328,681)	(1,204,194)	
New acquisitions	0	2,575,000	
Decrease	(753,977)	0	
Foreign exchange differences	(3,370)	10,928	
As at 31 December	55,953,391	54,655,607	

In 2020, in conformity with the equity method, the Group attributed the corresponding share of 2020 profits or losses to its investments, in total EUR 3,383,812, deducting from

the investments the dividends received of EUR 1,328,681. These items are explained in more detail in Note 6.10.

Significant amounts from the financial statements of associates

2019

				Net profit or	
(in EUR)	Assets	Liabilities (debt)	Revenue	loss	Group
Plinhold d.o.o.	318,000,000	112,300,000	44,900,000	5,400,000	1,603,719
Aquasystems d.o.o.	14,231,001	7,363,163	7,919,733	2,897,054	753,234
lvicom Energy d.o.o.	1,203,404	1,181,696	122,224	0	0

2020

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o.	322,500,000	109,200,000	45,100,000	8,400,000	2,494,674
Aquasystems d.o.o.	9,464,133	5,141,692	7,873,217	2,938,298	763,957
lvicom Energy d.o.o.	1,313,246	1,393,881	127	(85,717)	(21,429)

Petrol d.d., Ljubljana

Changes in investments in associates

	Petrol d.d.		
(in EUR)	2020	2019	
As at 1 January	29,939,454	27,364,454	
New acquisitions	0	2,575,000	
Decrease	(753,977)	0	
As at 31 December	29,185,477	29,939,454	

The decrease in investments in associates is the result of a decrease in the nominal capital of Aquasystems d.o.o. In 2019 the increase in the investments in associates was related to the acquisition of the 25-percent interest in Ivicom Energy d.o.o.

Options contracts

The agreement on the exchange of interests in Plinhold d.o.o. for interests in Geoplin d.o.o. Ljubljana entered into with the Republic of Slovenia on 29 December 2017 envisages a second stage of the exchange to take place following the fulfilment of suspensive conditions. During this

second stage of exchanging the interests, Petrol d.d., Ljubljana will acquire a 25.01-percent interest in Geoplin d.o.o. in exchange for the 16.98-percent holding in Plinhold d.o.o. it had disposed of.

The contract from 2019 to acquire a 25-percent interest in Ivicom Energy d.o.o. includes a call option under which

Petrol d.d., Ljubljana, has an option to acquire the remaining 75-percent interest in Ivicom Energy d.o.o. by 31 January 2021. Petrol d.d., Ljubljana, did not exercise the call option in 2021. Meanwhile, the seller has a put option to acquire the 25-percent interest in Ivicom Energy d.o.o. which is owned by Petrol d.d., Ljubljana, in the period from 31 January 2021 to 30 April 2021.

6.22 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income stand for investments in shares and interests of companies and banks as well as investments in mutual funds and bonds.

Since the majority of the financial assets at fair value through other comprehensive income are the financial assets of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

Balance of financial assets at fair value through other comprehensive income

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Shares of companies	2,068,908	2,068,908	1,871,378	1,871,378
Interests in companies	2,064,136	2,064,136	246,536	246,536
Bonds	395,943	395,943	0	0
Total financial assets at fair value through other comprehensive	4 500 007	4.500.007	0.447.044	0.447.044
income	4,528,987	4,528,987	2,117,914	2,117,914

Changes in financial assets at fair value through other comprehensive income

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
As at 1 January	4,528,987	9,168,566	2,117,914	1,374,993
New acquisitions	1,398,705	0	1,398,705	0
Disposals	(419,612)	(5,382,500)	(419,612)	0
Increase (creation of fair value reserve)	0	742,921	0	742,921
Impairment	(979,093)	0	(979,093)	0
As at 31 December	4,528,987	4,528,987	2,117,914	2,117,914

The Petrol Group and Petrol d.d., Ljubljana

The Group's/Company's financial assets at fair value through other comprehensive income are carried at fair value.

6.23 Non-current financial receivables

Balance of non-current financial receivables

	The Petro	The Petrol Group		d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Loans and other financial receivables	2,680,471	5,017,649	58,124,422	31,876,297
Total non-current financial receivables	2,680,471	5,017,649	58,124,422	31,876,297

The Petrol Group

The most significant item of non-current financial receivables as at 31 December 2020 consists of loans to third parties totalling EUR 2,680,471.

Changes in non-current financial receivables

	The Petrol Group		
(in EUR)	2020	2019	
As at 1 January	5,017,649	1,466,432	
New loans	5,840,755	4,346,254	
Loans repaid	(6,552,298)	(188,007)	
Transfer to/from current financial receivables	(1,625,976)	(602,473)	
Foreign exchange differences	341	(4,557)	
As at 31 December	2,680,471	5,017,649	

Petrol d.d., Ljubljana

Non-current financial receivables of EUR 58,124,422 (31 December 2019: EUR 31,876,296) comprise non-current financial receivables from Group companies totalling EUR 56,492,385 (31 December 2019: EUR 30,838,499) and non-current financial receivables from others equalling EUR 1,632,037 (31 December 2019: EUR 1,037,798).

A significant item of non-current financial receivables from others are loans for goods delivered totalling EUR 343,056 (31 December 2019: EUR 120,798). Non-current financial receivables from Group companies are presented in the table below.

	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2019	
Non-current financial receivables from Group companies			
Vjetroelektrana Ljubač d.o.o.	25,786,626	2,624,400	
Petrol d.o.o. Beograd	17,200,000	17,200,000	
Petrol Crna Gora MNE d.o.o.	7,500,000	7,500,000	
Petrol LPG d.o.o.	4,205,918	0	
STH Energy d.o.o.	1,402,492	0	
Ekoen d.o.o.	299,600	132,800	
Ekoen S d.o.o.	97,749	117,299	
Petrol Power d.o.o. Sarajevo	0	3,264,000	
Total	56,492,385	30,838,499	

Changes in non-current financial receivables

	Petrol d.d.		
(in EUR)	2020	2019	
As at 1 January	31,876,297	13,605,479	
New loans	35,414,891	21,404,821	
Loans repaid	(7,964,009)	(1,011,007)	
Impairment	0	(706,018)	
Transfer to/from current financial receivables	(1,202,757)	(1,416,977)	
As at 31 December	58,124,422	31,876,297	

Non-current financial receivables decreased by EUR 1,202,757 owing to a transfer of their current portion.

6.24 Non-current operating receivables

Since the majority of non-current operating receivables consists of the receivables due to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petr	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Receivables from companies	1,224,114	1,224,117	1,214,651	1,214,651	
Allowance for receivables from companies	(1,214,651)	(1,214,651)	(1,214,651)	(1,214,651)	
Receivables from municipalities	39,656	80,615	39,656	80,615	
Other receivables	10,516,196	8,299,772	10,502,758	8,288,105	
Total non-current operating receivables	10,565,315	8,389,853	10,542,414	8,368,720	

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating receivables from companies include EUR 1,214,651 which refers to receivables arising from assets allocated over the long term for the restructuring of the company Nafta Lendava, d.o.o. that Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the non-current operating receivables is

contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

Other receivables of EUR 10,516,196 (2019: EUR 8,288,108) refer to the non-current portion of receivables arising from selling solar power plants on instalment plans of EUR 8,288,132 (2019: EUR 8,288,105) and other receivables.

6.25 Inventories

	The Petr	ol Group	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2020 31 December 2019 31		31 December 2019	
Spare parts and materials	2,430,425	2,571,263	2,152,317	2,247,058	
Merchandise:	167,503,333	173,119,215	85,378,313	126,182,736	
- fuel	71,457,024	119,040,323	56,735,413	98,178,227	
- other petroleum products	525,972	859,126	118,045	102,643	
- other merchandise	95,520,337	95,520,337 53,219,766		27,901,866	
Total inventories	169,933,758	175,690,478	87,530,630	128,429,794	

The Petrol Group

The Group has no inventories that are pledged as security for liabilities.

After checking the value of goods inventories as at 31 December 2020, the Group/Company determined that the carrying amount of certain products exceeded their recoverable amount. Consequently, the Group revalued the inventories with a net realisable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs to sell, that was lower than their carrying amount by EUR 7,331,973, taking into account market prices as at the date of the financial statements. In 2019 the Group did not impair its inventories.

Petrol d.d., Ljubljana

The Company has no inventories that are pledged as security for liabilities.

After checking the value of goods inventories as at 31 December 2020, the Company determined that the net realisable value of the inventories was higher than the cost of goods, which is why it did not impair their value in 2020. In 2019 the Company did not impair its inventories.

6.26 Current financial receivables

	The Petro	ol Group	Petrol	d.d.
(in EUR)	31 December 2020 31 December 2019		31 December 2020	31 December 2019
Loans granted	3,562,384	8,729,075	23,050,622	7,354,443
Adjustment to the value of loans granted	(1,330,433)	(1,262,321)	(1,285,380)	(860,043)
Time deposits with banks (3 months to 1 year)	593,958	195,782	0	0
Interest receivables	122,759	1,245,217	5,000,553	5,832,807
Allowance for interest receivables	(94,141)	(1,206,125)	(4,518,069)	(5,479,163)
Total current financial receivables	2,854,527	7,701,628	22,247,726	6,848,043

The Petrol Group

In addition to the loans of EUR 2,003,804 granted by Petrol d.d., Ljubljana to others (for explanation, see the disclosure relating to the Company) and the loan of EUR 68,000 to the jointly controlled entity Vjetroelektrana Dazlina, the loans granted include short-term loans of EUR 1,490,580 (EUR 6,672,486 as at 31 December 2019) granted to other companies, mainly in connection with the payment of goods delivered.

Due to a change in the estimated value of collaterals for loans granted, the Group reversed the adjustment to the value of the loans and interest by EUR 1,043,872 in 2020.

In 2019 the value of the adjustment increased by EUR 1,956,558 relative to the previous period.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 23,050,622 (EUR 7,354,443 as at 31 December 2019) include the short-term portion of loans to Group companies totalling EUR 3,517,993 (EUR 5,497,853 as at 31 December 2019) and short-term loans to others equalling EUR 2,003,804 (EUR 1,856,590 as at 31 December 2019). Short-term loans to Group companies are presented below.

	Petro	l d.d.
(in EUR)	2020	2019
Loans to Group companies		
Geoplin d.o.o. Ljubljana	15,000,000	0
Petrol Power d.o.o. Sarajevo	2,906,096	0
Atet d.o.o.	1,306,671	0
Petrol Bucharest ROM S.R.L.	687,300	640,000
Vjetroelektrana Ljubač d.o.o.	258,500	258,500
Petrol Praha CZ s.r.o.	100,563	70,033
Ekoen d.o.o.	33,200	33,200
Ekoen S d.o.o.	19,550	20,201
Petrol Trade Slovenija L.L.C.	10,000	10,000
Petrol LPG d.o.o. Beograd	0	4,265,918
Petrol OTI Slovenija L.L.C	0	200,000
Total	20,321,880	5,497,852

Short-term loans to others of EUR 2,003,804 refer to loans to companies for the payment of goods delivered of EUR 1,679,335 (EUR 1,295,902 as at 31 December 2019) and other loans of EUR 324,469 (EUR 560,668 as at 31 December 2019). The Company did not have loans arising from the sale of financial instruments as at 31 December 2020 nor did it have such loans as at 31 December 2019.

The decrease in the allowance for current receivables is the result of a loan granted to a jointly controlled entity and of the allowance being transferred to an investment in a jointly controlled entity that was sold at the end of 2020. In 2019 there was also a decrease in the allowance, which was the result of the repayment of a loan granted to a subsidiary and of a transfer of the allowance to the investment in the subsidiary.

6.27 Current operating receivables

	The Petrol Group		Petrol	d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Trade receivables	406,289,815	503,825,514	262,238,768	344,855,450
Allowance for trade receivables	(49,921,950)	(50,474,124)	(30,657,864)	(33,213,942)
Operating receivables from state and other institutions	2,511,467	12,670,165	217,146	201,981
Operating interest receivables	1,338,849	1,911,484	2,484,533	3,100,614
Allowance for interest receivables	(1,214,106)	(1,669,414)	(1,059,184)	(1,630,227)
Receivables from insurance companies (loss events)	143,214	799,148	28,473	659,553
Other operating receivables	8,227,167	7,300,800	5,018,992	6,587,940
Allowance for other receivables	(933,017)	(231,455)	(551,988)	0
Total current operating receivables	366,441,439	474,132,118	237,718,876	320,561,369

6.28 Contract assets

The Petrol Group and Petrol d.d., Ljubljana

Contract assets refer to short-term accrued revenue from merchandise. Accrued revenue as at 31 December 2020 stood at EUR 3,276,761 (2019: EUR 2,095,457) in the case

of Petrol d.d., Ljubljana and at EUR 1,949,652 (2019: EUR 1,819,842) in the case of the Group. Contract assets were not impaired.

6.29 Financial assets at fair value through profit or loss

	The Petro	ol Group	Petro	l d.d.
(in EUR)	31 December 2020 31 December 2019		31 December 2020	31 December 2019
Assets arising from commodity swaps	11,314,346	495,381	11,259,599	359,549
Assets arising from forward contracts	2,636	34,530	2,636	34,530
Total financial assets at fair value through profit or loss	11,316,982 529,911		11,262,235	394,078

The Petrol Group and Petrol d.d., Ljubljana

Financial assets arising from commodity swaps represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2020. All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial liabilities in Note 6.36.

6.30 Prepayments and other assets

	The Petro	ol Group	Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Prepayments	73,803,420	73,713,524	24,677,675	21,716,152
Prepaid licences, subscriptions, specialised literature, etc.	1,579,289	914,471	1,390,210	768,126
Prepaid insurance premiums	734,485	510,661	461,928	347,423
Other deferred costs	2,389,316	3,469,056	842,063	765,871
Total prepayments and other assets	78,506,510	78,607,712	27,371,876	23,597,572

6.31 Cash and cash equivalents

	The Petro	ol Group	Petrol d.d.		
(in EUR)	31 December 2020 31 December 2019		31 December 2020	31 December 2019	
Cash	6,987,005	7,280,753	5,010,879	5,102,747	
Cash in banks	79,888,438 28,103,923		39,282,462	8,445,860	
Short-term deposits (up to 3 months)	1,799,509	6,345,593	377,184	4,131,495	
Total cash and cash equivalents	88,674,952 41,730,269		44,670,525	17,680,102	

6.32 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All the shares have been paid up in full. All 2,086,301 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 31 December 2020 was EUR 325.00 per share (EUR 375.00 as at 31 December 2019) and the book value per share of the Group as at 31 December 2020 was EUR 396.24 (EUR 388.85 as at 31 December 2019).

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law.

The Group's capital surplus stood at EUR 80,991,385 as at 31 December 2020 and consists of the general equity revaluation adjustment of EUR 80,080,610, which was transferred to capital surplus on transition to IFRS, and the capital surplus of EUR 910,775 representing the excess of the disposal value over the carrying amount of own shares paid to the Company's Supervisory Board members as a bonus. The Company's capital surplus as at 31 December 2020 was the same as the Group's capital surplus.

In 2020 there were no changes in capital surplus.

Revenue reserves

- Legal reserves and other revenue reserves

 Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. Acting on the proposal from the Company's Management Board made upon the approval of the 2020 annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 14,446,758, in accordance with Article 230 of the Companies Act.
- Own shares and reserves for own shares If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

Petrol d.d., Ljubljana

Purchases and disposals of own shares

	Number of shares	Cost (in EUR)*
Total purchases between 1997 and 1999	36,142	3,640,782
Disposal by year		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
Total disposals between 1997 and 2008	(11,439)	(1,036,113)
Own shares as at 31 December 2020	24,703	2,604,669

^{*} Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2020 the number of own shares remained unchanged. As at 31 December 2020, the Company held 24,703 own shares. The market value of repurchased own shares totalled EUR 8,028,475 on the above date (EUR 9,263,625 as at 31 December 2019). The Company did not change its reserves for own shares in 2020.

The Petrol Group

The company Geoplin d.o.o. Ljubljana owned 6,020 shares of Petrol d.d., Ljubljana as at 31 December 2020, the market value of which on that date was EUR 1,956,500. The Group held 30,723 own shares as at 31 December 2020. The market value of own shares was EUR 9,984,975 on the above date.

Other reserves

Other reserves of the Group/Company consist of revaluation reserves, the fair value reserve and the hedging reserve. Changes in these reserves that took place in 2020 are explained in more detail in Note 6.14.

The Company's fair value reserve totalled EUR 39,796,454 as at 31 December 2020. The fair value reserve consists of the reserves of EUR 40,513,851 resulting from the absorption of Instalacija d.o.o. (see Note 6.15 for explanation) and the reserves of EUR 742,921 resulting from carrying financial assets at fair value through other comprehensive income. Its value was decreased by actuarial losses resulting from the actuarial calculation of post-employment benefits on retirement totalling EUR 1,319,163 and deferred taxes of EUR 141,155.

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2019 of EUR 45,355,156 was to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as payment of gross dividends of EUR 22.00 per share or the total of EUR 45,222,716 (own shares excluded). The remaining accumulated profit of EUR 132,440 and any amounts linked to own shares arising on the date the dividends are paid and amounts resulting from rounding off dividend payments were to be transferred to other revenue reserves.

The dividends were paid out of the net profit for 2019.

In 2020 the Company paid out dividends for the year 2019 of EUR 45,222,716 and dividends from the previous years of EUR 897.

Accumulated profit

Allocation of accumulated profit for 2019

At the 31st General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 23 July 2020, the shareholders adopted the following resolution on the allocation of accumulated profit:

Accumulated profit for 2020

	Petrol d.d.			
(in EUR)	31 December 2020	31 December 2019		
Compulsory allocation of net profit				
Net profit	28,893,516	60,249,229		
Net profit after compulsory allocation	28,893,516	60,249,229		
Creation of other revenue reserves	14,446,758	30,124,614		
Determination of accumulated profit				
Net profit	14,446,758	30,124,614		
Decrease by the amount of long-term deferred development costs on				
the balance sheet date	(267,376)	(435,042)		
Other revenue reserves	31,175,774	15,665,584		
Accumulated profit	45,355,156	45,355,156		

Acting on the proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 14,446,788, in accordance with Article 230 of the Companies Act, and designated a portion of other revenue reserves of EUR 31,175,774 as accumulated profit.

Final dividends for the year ended 31 December 2020 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.33 Provisions for employee post-employment and other long-term benefits

Provisions for employee post-employment and other longterm benefits comprise provisions for post-employment benefits on retirement and jubilee benefits. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

	The Petro	ol Group	Petro	l d.d.
(in EUR)	31 December 2020 31 December 2019		31 December 2020	31 December 2019
Post-employment benefits on retirement	6,096,788	5,853,143	5,457,241	5,402,925
Jubilee benefits	3,342,189	3,036,568	2,836,480	2,622,136
Total provisions	9,438,977 8,889,711		8,293,721	8,025,061

The Petrol Group

Changes in provisions for employee post-employment and other long-term benefits

		The Petrol Group				
(in EUR)	Post-employment benefits	Jubilee benefits	Total			
As at 1 January 2019	5,033,244	2,651,895	7,685,139			
Current service cost	499,557	624,287	1,123,844			
Post-employment benefits paid	(128,719)	(238,651)	(367,370)			
Actuarial surplus/deficit	449,322	0	449,322			
Foreign exchange differences	(261)	(963)	(1,224)			
As at 31 December 2019	5,853,143	3,036,568	8,889,711			
Current service cost	657,457	488,601	1,146,058			
Costs of interest	63,170	37,071	100,241			
Post-employment benefits paid	(140,129)	(282,301)	(422,430)			
Actuarial surplus/deficit	(335,716)	65,117	(270,599)			
Foreign exchange differences	(1,137)	(2,867)	(4,004)			
As at 31 December 2020	6,096,788	3,342,189	9,438,977			

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.3-percent annual discount rate for companies in Slovenia (2019: 0.3 percent), which is based on the yield of 15-year corporate AA bonds, a 1.25-percent discount rate for companies in Croatia (2019: 2.06 percent), a 3.25-percent discount rate for companies in the Federation of Bosnia and Herzegovina (2019: 4.99 percent) and a 4.5-percent discount rate for companies in Serbia (2019: 4.68 percent);
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- · staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

For companies in Slovenia it is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage points. For companies abroad it is assumed that average salaries will increase at the following rates: Croatia 1 percentage point, Serbia 1 percentage point, Federation of Bosnia and Herzegovina 1 percentage point, accompanied by a growth in individual salaries of 0.5 percentage point.

Sensitivity analysis

	Discount rate		Salary increase		Staff turnover	
Change in	Percenta	ge point	Percenta	age point	Percenta	ige point
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	(556,757)	616,037	603,612	(551,718)	(510,753)	566,705

Petrol d.d., Ljubljana

Changes in provisions for employee post-employment and other long-term benefits

		Petrol d.d.				
(in EUR)	Post-employment benefits	Jubilee benefits	Total			
As at 1 January 2019	4,604,266	2,234,532	6,838,798			
Current service cost	461,495	610,696	1,072,191			
Post-employment benefits paid	(112,158)	(223,092)	(335,250)			
Actuarial surplus/deficit	449,322	0	449,322			
As at 31 December 2019	5,402,925	2,622,136	8,025,061			
Current service cost	622,378	448,949	1,071,327			
Post-employment benefits paid	(132,033)	(234,605)	(366,638)			
Actuarial surplus/deficit	(436,029)	0	(436,029)			
As at 31 December 2020	5,457,241	2,836,480	8,293,721			

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.3-percent annual discount rate (2019: 0.3 percent), which is based on the yield of 15-year corporate AA bonds;
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- · staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

It is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage point.

Sensitivity analysis

	Discount rate		Salary increase		Staff turnover	
Change in	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	(515,137)	570,068	557,486	(509,574)	(528,116)	579,813

6.34 Other provisions

	The Petro	ol Group	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Provisions for lawsuits	600,602	979,447	420,849	636,192	
Provisions for employee post-employment and other long-term benefits at third-party managed service stations	4,160,465	3,806,294	4,160,465	3,806,294	
Other provisions	26,586,354	20,923,226	10,182,523	4,859,313	
Total provisions	31,347,421	25,708,967	14,763,837	9,301,799	

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	The Petrol Group		Petrol d.d.		
(in EUR)	Provisions for lawsuits	Other provisions	Provisions for lawsuits	Other provisions	
As at 1 January 2019	10,174,724	19,802,291	9,950,408	1,192,586	
Creation of provisions	570,188	5,012,516	450,130	4,859,313	
Reversal	(6,919,659)	(3,891,581)	(9,764,346)	(1,192,586)	
Utilisation	(2,844,687)	0	0	0	
Foreign exchange differences	(1,119)	0	0	0	
As at 31 December 2019	979,447	20,923,226	636,192	4,859,313	
Creation of provisions	196,318	9,919,393	154,122	5,323,210	
Reversal	(572,423)	(4,251,657)	(369,465)	0	
Foreign exchange differences	(2,740)	(4,608)	0	0	
As at 31 December 2020	600,602	26,586,354	420,849	10,182,523	

The Petrol Group

Other provisions

As at 31 December 2020, the Group had in place long-term contracts with suppliers to purchase natural gas and long-term contracts for the leasing of transmission and storage capacities. New EU rules governing the single European natural gas market have led to an expansion of short-term trading at gas hubs and make it possible to contract transport capacities on a per month and per day basis. As a result, a different kind of sales products appeared in the market, both as far as natural gas sales and the leasing of transmission and storage capacities are concerned. The Group was also compelled to provide similar products to local customers. Because the costs of meeting contractual obligations will exceed the expected economic benefits of the contracts, negative differences will arise.

As a result, the Group has created provisions for onerous contracts relating to the leasing of natural gas transmission and storage capacities totalling EUR 12,348,348 (2019: EUR 16,063,913). The amount was determined based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities and by taking into account the utilisation of transmission capacities. The calculations were based on 9-year projections and a discount rate of 0.0 percent (2019: 0.27 percent), which reflects the yield on Republic of Slovenia bonds maturing in 2029.

The Group's/Company's other provisions include provisions for partial non-compliance in the area of renewables in transport (Decree on renewable energy sources in transport) amounting to EUR 10,080,523 as at 31 December 2020. Considering its position, technical limitations and the legislative framework, the Company took a number of measures to step up compliance and will continue to strive for the best possible solutions for the environment, customers and its owners.

The provisions were estimated by considering all relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate as to how likely is the outflow of economic benefits from the Group/Company.

Because the legislation is recent, it is not possible to foresee the timeframe for the settlement of liabilities, which is why the provisions have not been discounted.

The Petrol Group and Petrol d.d., Ljubljana

Provisions for lawsuits

The amount of the provisions for lawsuits is determined based on the amount of a claim or estimated based on the expected possible amount if the actual amount is not yet known. The Management Board determines the expected possible amount in consultation with external law firms and checks the amount of provisions for each ongoing lawsuit on an annual basis.

The Group's management estimates that there is a possibility that some of these lawsuits will be lost. That is why the Group set aside long-term provisions for lawsuits and interest on overdue amounts arising from the claims. The provisions for lawsuits totalled EUR 582,780 as at 31 December 2020 (EUR 778,436 as at 31 December 2019) while the provisions for interest on overdue amounts arising from the claims stood at EUR 17,822 (EUR 201,011 as at 31 December 2019). In 2019 the Group received a higher court ruling concerning a lawsuit for which provisions of EUR 9,295,374 were created by the Group as at 31 December 2018 and for which provisions for overdue amounts of EUR 395,072 were created in 2019. Based on the higher court ruling, the Group settled a portion of the claim of EUR 2,844,687 in 2019. On 2 March 2020, the Group received a Supreme Court ruling which dismissed the plaintiff's claim in its entirety, reversing the higher court ruling in favour of the Group. Following this ruling, the Group reversed the remaining provisions of EUR 6,845,759 on 31 December 2019. The Group's management does not believe that the remaining amount of EUR 2,844,687 is recoverable and that the conditions for recognising receivables or contingent assets are not met. For this reason, the Group will use all legal means necessary to recover the said amount.

The Company's long-term provisions for lawsuits totalled EUR 403,027 as at 31 December 2020 (EUR 535,372 as at 31 December 2019), with the provisions for interest on overdue amounts arising from the claims amounting to EUR 17,822 (EUR 100,820 as at 31 December 2019). The provisions were created based on the lawyers' assessment of the matter. In 2019 the Company received a higher court ruling concerning a lawsuit for which provisions of EUR 9,295,374 were created by the Company as at 31 December 2018 and for which provisions for overdue amounts of EUR 395,072 were created in 2019.

Based on a higher court ruling which dismissed in its entirety the plaintiff's claim against the Company as a second defendant, in addition to its subsidiary, the Company's

provisions for lawsuits and interest on overdue amounts arising from this claim were fully reversed.

Provisions for employee post-employment and other long-term benefits

Other provisions include also provisions for employee post-employment and other long-term benefits relating to employees at third-party managed service stations of the Petrol Group. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

Changes in provisions for employee post-employment and other long-term benefits at third-party managed service stations

		Petrol d.d.			
(in EUR)	Post-employment benefits	Jubilee benefits	Total		
As at 1 January 2019	1,845,204	1,611,678	3,456,882		
Current service cost	69,271	279,324	348,595		
Post-employment benefits paid	(70,811)	(116,420)	(187,231)		
Actuarial surplus/deficit	188,049	0	188,049		
As at 31 December 2019	2,031,713	1,774,582	3,806,295		
Current service cost	205,837	252,809	458,646		
Post-employment benefits paid	(58,998)	(174,975)	(233,973)		
Actuarial surplus/deficit	129,498	0	129,498		
As at 31 December 2020	2,308,050	1,852,416	4,160,466		

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.3-percent annual discount rate (2019: 0.3 percent), which is based on the yield of 15-year corporate AA bonds;
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- · staff turnover, primarily depending on their age;
- · mortality based on the most recent mortality tables for the local population.

It is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage point.

Sensitivity analysis

	Discount rate		Salary increase		Staff turnov	
Change in	Percenta	age point	Percent	age point	Percenta	ge point
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	(263,539)	291,792	285,354	(261,093)	(270,578)	296,752

6.35 Long-term deferred revenue

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Long-term deferred revenue from grants	1,051,894	1,011,997	22,100	28,600
Long-term deferred revenue from environmental assets	0	10,771	0	10,771
Other long-term deferred revenue	32,360,582	24,004,477	28,397,673	20,424,483
Total	33,412,476	25,027,245	28,419,773	20,463,854

The Petrol Group

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from envi- ronmental assets	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2019	467,991	1,074,166	17,982,108	19,524,265
Increase	51,834	0	20,510,937	20,562,771
Decrease	(509,054)	(62,169)	(14,472,238)	(15,043,461)
Foreign exchange differences	0	0	(16,330)	(16,330)
As at 31 December 2019	10,771	1,011,997	24,004,477	25,027,245
Increase	0	102,839	14,291,448	14,394,287
Decrease	(10,771)	(62,942)	(5,894,207)	(5,967,920)
Foreign exchange differences	0	0	(41,136)	(41,136)
As at 31 December 2020	0	1,051,894	32,360,582	33,412,476

Long-term deferred revenue from environmental assets comprises deferred revenue of Petrol d.d., Ljubljana from funds granted for the environmental rehabilitation of service stations, road tankers and storage facilities. Environmental assets were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

Long-term deferred revenue refers to funds received based on European projects and cohesion funding in the area of energy solutions.

Long-term deferred revenue from environmental assets decreased by EUR 10,771 during the year, in line with the depreciation charge on environmental assets.

The increase in other long-term deferred revenue of EUR 14,291,448 refers to the funds received based on European projects and cohesion funding in the area of energy solutions, whereas the decrease of EUR 5,894,207 refers to the costs incurred on the projects for which the funds were received.

Petrol d.d., Ljubljana

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from envi- ronmental assets	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2019	467,991	34,839	14,589,854	15,092,684
Increase	51,834	0	20,139,720	20,191,554
Decrease	(509,054)	(6,239)	(14,305,091)	(14,820,384)
As at 31 December 2019	10,771	28,600	20,424,483	20,463,854
Increase	0	0	13,274,077	13,274,077
Decrease	(10,771)	(6,500)	(5,300,887)	(5,318,158)
As at 31 December 2020	0	22,100	28,397,673	28,419,773

Long-term deferred revenue from environmental assets is explained in the note pertaining to the Group.

6.36 Financial liabilities

	The Petro	ol Group	Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current financial liabilities				
Bank loans	36,621,251	26,252,606	36,620,014	24,554,070
Liabilities to banks arising from interest rate swaps	5,379,273	5,045,370	4,896,601	4,812,230
Liabilities arising from commodity swaps	5,029,689	6,183,317	5,145,357	6,104,307
Liabilities to banks arising from forward contracts	786,222	811,542	786,222	811,542
Bonds issued	250,309	253,723	250,309	253,723
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	699,811	437,238	110,421,383	65,116,744
	48,766,555	38,983,796	160,688,732	104,221,462
Non-current financial liabilities				
Bank loans	259,249,424	243,866,632	209,427,879	193,695,821
Bonds issued	43,801,874	43,794,326	43,801,874	43,794,326
Loans obtained from other companies	379,762	96,830	29,636,850	44,636,849
	303,431,060	287,757,788	282,866,603	282,126,997
Total financial liabilities	352,197,615	326,741,584	443,555,335	386,348,458

The Petrol Group

The Group's equipment was not pledged as at 31 December 2020. The value of its equipment that was pledged as at 31 December 2019 totalled EUR 3,551,590.

In 2020 the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.68 percent p.a. (2019: 2.33 percent p.a.).

Derivative financial instruments

Liabilities arising from forward contracts for the purchase of US dollars, which stood at EUR 786,222, represent the fair values of outstanding forward contracts as at 31 December 2020. The above financial liabilities arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial receivables in Note 6.29.

Bonds issued

Bond liabilities refer to the bonds issued by Petrol d.d., Ljubljana and listed on the Ljubljana Stock Exchange as PET4 and PET5 bonds.

On 22 February 2017, Petrol d.d., Ljubljana issued PET4 bonds at the total nominal amount of EUR 11,000,000. The bond maturity date is 22 February 2027 and the interest rate is 1.5 percent.

On 21 June 2017, Petrol d.d., Ljubljana issued PET5 bonds at the total nominal amount of EUR 32,828,000. The interest rate is 1.2 percent p.a. The bond maturity date is 21 June 2024.

Petrol d.d., Ljubljana

In 2020 the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.68 percent p.a. (2019: 2.33 percent p.a.).

The Company's liabilities arising from derivative financial instruments and bonds are explained in more detail in the note pertaining to the Group.

Other financial liabilities arising from financial instruments relate entirely to the put option granted to a subsidiary and were measured at fair value as at 31 December 2020.

Other loans obtained by the Company relate mainly to loans from Group companies amounting to EUR 137,184,114, as shown in the table below.

	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2019	
Petrol d.o.o.	62,201,715	17,900,936	
Geoplin d.o.o. Ljubljana	29,636,849	48,271,801	
Petrol BH Oil Company d.o.o. Sarajevo	17,500,000	9,500,000	
IGES d.o.o.	15,767,666	15,727,101	
MBills d.o.o.	4,650,000	6,400,000	
Petrol Trade Handelsgesellschaft m.b.H.	4,469,422	6,665,139	
Petrol d.o.o. Beograd	2,568,846	2,568,846	
Geoenergo d.o.o.	300,000	0	
Petrol Skladiščenje d.o.o.	89,616	80,926	
Petrol GEO d.o.o.	0	180,690	
Total	137,184,114	107,295,439	

Changes in financial liabilities

	The Petrol Group		Petrol	l d.d.
(in EUR)	2020	2019	2020	2019
As at 1 January	326,741,584	356,879,935	386,348,458	424,199,795
New acquisitions as a result of control obtained	54,000	593,894	-	-
Winding-up of a company	0	(1,271,910)	0	(1,271,910)
Payments for bonds issued	0	(203,524,000)	0	(203,524,000)
Proceeds from borrowings	835,261,103	374,789,499	1,090,169,633	836,636,170
Repayment of borrowings	(808,314,348)	(205,785,576)	(1,032,414,899)	(675,907,229)
Change in the fair value of financial instruments	(845,045)	8,556,085	(899,899)	8,400,947
Changes in interest liabilities	25,088	(3,256,595)	352,042	(2,185,315)
Foreign exchange differences	(724,767)	(239,748)	0	0
As at 31 December	352,197,615	326,741,584	443,555,335	386,348,458

6.37 Lease liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Non-current lease liabilities	54,397,111	62,893,671	27,608,922	31,307,247
Current lease liabilities	10,069,352	9,718,871	4,259,323	3,500,072
Total lease liabilities	64,466,463	72,612,542	31,868,245	34,807,319

The Group's lease liabilities include liabilities arising from contracts for the leased assets, the value of which was determined in accordance with IFRS 16.

Changes in lease liabilities

	The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019
As at 31 December	72,612,542	0	34,807,319	0
Adjustment on adoption of IFRS 16	0	79,586,586	0	37,874,736
As at 1 January	72,612,542	79,586,586	34,807,319	37,874,736
Increase	5,753,441	2,870,762	255,541	512,658
Decrease	(4,504,367)	0	0	0
Interest	(2,676,699)	(2,722,767)	(1,508,731)	(1,482,450)
Lease payments	(6,321,013)	(7,002,089)	(1,685,884)	(2,097,625)
Foreign exchange differences	(397,441)	(119,950)	0	0
As at 31 December	64,466,463	72,612,542	31,868,245	34,807,319

6.38 Non-current operating liabilities

Since the majority of non-current operating liabilities consists of the liabilities of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities arising from interests acquired	24,000	24,000	24,000	24,000
Liabilities arising from assets received for administration	703,182	768,582	703,182	768,582
Other non-current operating liabilities	0	150,235	0	0
Total non-current operating liabilities	727,182	942,817	727,182	792,582

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The Group's/Company's liabilities arising from assets received for administration relate largely to property, plant and equipment received for administration from

municipalities under concession agreements. Liabilities are reduced in line with the depreciation of the assets received for administration.

6.39 Current operating liabilities

	The Petrol Group P		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Trade liabilities	287,742,078	422,816,785	225,732,060	344,918,615
Excise duty liabilities	89,051,979	56,222,534	81,941,940	51,375,029
Value added tax liabilities	28,464,911	32,671,428	18,681,572	13,409,885
Liabilities to employees	12,264,510	12,494,387	9,700,069	9,875,788
Environment pollution charge liabilities	7,074,616	8,995,979	6,574,164	8,668,158
Other liabilities to the state and other state institutions	4,066,375	4,357,665	2,154,492	2,503,588
Social security contribution liabilities	1,443,461	1,021,092	809,456	727,961
Liabilities arising from interests acquired	1,423,471	6,086,864	1,199,650	5,845,754
Import duty liabilities	1,068,381	1,749,912	0	0
Liabilities associated with the allocation of profit or loss	607,895	608,792	607,895	608,792
Other liabilities	4,008,471	5,125,835	1,431,534	1,584,809
Total current operating and other liabilities	437,216,148	552,151,273	348,832,832	439,518,379

In 2020 the liabilities associated with the allocation of profit or loss increased based on the General Meeting resolution on the payment of dividends of EUR 45,222,716 (2019: EUR 37,000,404) and decreased based on the payment of the

2019 dividends of EUR 45,222,716 (2019: EUR 37,000,404) to shareholders and the payment of dividends from previous years totalling EUR 897 (2019: EUR 888).

6.40 Contract liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Short-term prepayments and collaterals given	13,019,932	13,667,005	7,351,829	11,801,143
Deferred prepaid card revenue	1,665,807	1,613,874	1,478,932	1,467,400
Deferred revenue from rebates and discounts granted	242,107	638,669	0	254,434
Other	0	2,083	0	0
Total contract liabilities	14,927,846	15,921,631	8,830,761	13,522,977

6.41 Other liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Accrued annual leave expenses	2,613,290	2,716,757	1,784,815	1,839,744
Accrued expenses for tanker demurrage	387,983	552,664	387,983	545,873
Accrued concession fee costs	366,833	274,601	366,833	274,601
Accrued motorway site lease payments	73,747	108,859	73,747	108,859
Other accrued costs	9,804,015	10,916,587	7,555,385	6,659,610
Other deferred revenue	2,476,402	1,691,101	2,310,692	1,545,361
Total other liabilities	15,722,270	16,260,569	12,479,455	10,974,048

Other accrued costs refer to accrued licence renewal costs, logistics costs, costs of services performed in connection with energy solutions, liabilities arising from commissions and other accrued costs.

7. Financial instruments and risk management

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the risk management section of the business report.

A report on the impact of the Covid-19 pandemic on the Petrol Group's operations and risk management is also available in chapter Analysis of business performance and impact of the pandemic on the Petrol Group's operations in 2020.

7.1 Credit risk

In 2020 the Group/Company continued to actively monitor the balances of trade receivables and to apply strict terms on which sales on open account are approved, requiring an adequate range of high-quality collaterals and pursuing active collection of receivables. The carrying amount of financial assets has maximum exposure to credit risks and was the following as at 31 December 2020:

	The Petrol Group		Petrol	d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets at fair value through other comprehensive income	4,528,987	4,528,987	2,117,914	2,117,914
Non-current financial receivables	2,680,471	5,017,649	58,124,422	31,876,297
Non-current operating receivables	10,565,315	8,389,853	10,542,414	8,368,720
Contract assets	1,949,652	1,819,842	3,276,761	2,095,457
Current financial receivables	2,854,527	7,701,628	22,247,726	6,848,043
Current operating receivables (excluding receivables from the state)	363,929,972	461,461,953	237,501,730	320,359,388
Financial assets at fair value through profit or loss	11,316,982	529,911	11,262,235	394,078
Cash and cash equivalents	88,674,952	41,730,269	44,670,525	17,680,102
Total assets	486,500,858	531,180,092	389,743,727	389,739,999

The item that was most exposed to credit risk on the reporting date were current operating receivables. Compared to the end of 2019, they decreased, in nominal terms, by 22 percent in the case of the Group and 27 percent in the case of the Company.

Financial assets at fair value through profit or loss consist mainly of derivative financial instruments.

The Group's current operating receivables by maturity

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	409,376,524	32,130,824	9,269,440	811,911	1,762,691	453,351,390
Interest receivables	56,387	30,105	22,631	5,501	127,446	242,070
Other receivables (excluding receivables from the state)	7,383,483	332,125	152,885	0	0	7,868,493
Total as at 31 December 2019	416,816,394	32,493,054	9,444,956	817,412	1,890,137	461,461,953

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	314,932,992	31,695,839	5,075,314	611,619	4,052,101	356,367,865
Interest receivables	37,856	16,889	8,111	1,968	59,919	124,743
Other receivables (excluding receivables from the state)	7,374,118	55,134	3,462	4,650	0	7,437,364
Total as at 31 December 2020	322,344,966	31,767,862	5,086,887	618,237	4,112,020	363,929,972

The Company's current operating receivables by maturity

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	275,982,968	20,451,938	6,769,784	386,633	8,050,185	311,641,508
Interest receivables	0	0	0	0	1,470,387	1,470,387
Other receivables (excluding receivables from the state)	6,762,480	332,125	152,888	0	0	7,247,493
Total as at 31 December 2019	282,745,448	20,784,063	6,922,672	386,633	9,520,572	320,359,388

		Breakdown by maturity				
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	201,953,228	9,636,626	9,019,494	961,715	10,009,841	231,580,904
Interest receivables	0	0	0	0	1,425,349	1,425,349
Other receivables (excluding receivables from the state)	4,461,687	32,808	708	274	0	4,495,477
Total as at 31 December 2020	206,414,915	9,669,434	9,020,202	961,989	11,435,190	237,501,730

Changes in allowances for current operating receivables of the Group

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2019	(55,637,582)	(2,726,493)	(58,364,075)
Transfer	(61,052)	61,052	0
Creation/reversal of allowances affecting profit or loss	2,284,050	(17,560)	2,266,490
Write-downs	2,664,528	1,013,680	3,678,208
Foreign exchange differences	44,477	(93)	44,384
As at 31 December 2019	(50,705,579)	(1,669,414)	(52,374,993)

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2020	(50,705,579)	(1,669,414)	(52,374,993)
Creation/reversal of allowances affecting profit or loss	(2,109,637)	(115,961)	(2,225,598)
Write-downs	1,853,170	571,043	2,424,213
Foreign exchange differences	107,079	226	107,305
As at 31 December 2020	(50,854,967)	(1,214,106)	(52,069,073)

Changes in allowances for current operating receivables of the Company

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2019	(34,377,869)	(2,704,962)	(37,082,831)
Transfer	(61,052)	61,052	0
Creation/reversal of allowances affecting profit or loss	(313,239)	0	(313,239)
Write-downs	1,538,218	1,013,683	2,551,901
As at 31 December 2019	(33,213,942)	(1,630,227)	(34,844,169)

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2020	(33,213,942)	(1,630,227)	(34,844,169)
Creation/reversal of allowances affecting profit or loss	576,792	0	576,792
Write-downs	1,427,298	571,043	1,998,341
As at 31 December 2020	(31,209,852)	(1,059,184)	(32,269,036)

Collateralisation of receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current trade receivables	406,289,815	503,825,514	262,238,768	344,855,450
Allowances	(49,921,950)	(50,474,124)	(30,657,864)	(33,213,942)
Current trade receivables including allowances	356,367,865	453,351,390	231,580,904	311,641,508
Overdue current trade receivables (gross amount)	83,282,995	88,709,197	54,040,260	64,587,130
Share of overdue receivables in outstanding receivables	20%	18%	21%	19%
Current operating receivables over EUR 100,000 secured with high-quality collaterals	196,754,738	225,358,153	116,887,621	168,021,128

Only high-quality collaterals, such as bank or corporate guarantees, offsetting transactions (suppliers), credit insurance with insurance companies and mortgages, are included in the overview of collaterals. Bills of exchange, enforcement drafts and promissory notes are excluded because they have a lower level of collectability.

The receivable from the Group's largest single customer stood at EUR 10,084,751 as at 31 December 2020 (the customer is a public institute), accounting for 2.5 percent of the Group's trade receivables. The receivable from the Company's largest single customer stood at EUR 10,084,751 as at 31 December 2020 (the customer is a public institute), accounting for 3.8 percent of the Company's trade receivables.

The receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Petrol Club card. The structure of wholesale and retail customers is diversified, meaning there is no significant exposure to a single customer.

The Group had 27,376 active customers (legal persons) as at 31 December 2020. The Group/Company has in place an IT-based system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a steady basis. In 2020 the system of limits adopted at the Petrol Group level was applied consistently. The Group/Company measures the degree of receivables management using days sales outstanding.

	The Petr	ol Group	Petrol d.d.		
(in days)	2020	2019	2020	2019	
Days sales outstanding					
Contract days	49	41	42	36	
Overdue receivables in days	5	4	5	4	
Total days sales outstanding	54	45	47	40	

Commodity loans granted to buyers in order to reschedule the settlement of receivables are largely secured (usually through mortgages, but also through bank guarantees).

The loans granted by the Company refer mainly to the loans to subsidiaries. The Company regularly assesses the possibility of the loans' repayment, the possibility of realising the collateral or whether the value of the collateral is still

adequate as compared to the value of the investment. If the Company considers that a loan is not fully collectable, an allowance is made for the uncollectable amount. The Company systematically monitors the operations of Group companies, thus adequately limiting credit risk.

7.2 Liquidity risk

Due to uncertainty we faced during the epidemic, the Petrol Group has put great emphasis on liquidity risk management.

Our key goal remains, however, that the Group/Company can successfully manage liquidity risks according to Standard & Poor's guidelines.

The Group/Company manages liquidity risks through:

- maintaining the level of debt at an appropriate level (measured as the net debt to EBITDA ratio) as laid down in the strategy and business plan,
- ensuring adequate structural liquidity in accordance with S&P methodology,
- standardised and centralised treasury management at Group level,
- annual planning of funds required by the Petrol Group,
- daily planning and simulating of cash flows for the parent company and its subsidiaries performed by day and for two or three months in advance, which is currently an extremely important tool,
- · uniform approach to banks in Slovenia and abroad,
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries,
- centralised collection of available cash through cash pooling.

Nearly half of the Group's/Company's total cash inflow is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

Successful planning of cash flows or estimating how inflows could decrease as a result of the decline in sales, which was unprecedented in Petrol's entire history, enabled us to forecast liquidity needs in a timely and effective manner and to ensure optimal cash flow management at the Group level. Our strong liquidity position also allows for the settlement of all liabilities as they fall due.

The majority of financial liabilities arising from long-term and short-term loans are held by the parent company, which also generates the majority of revenue.

The Group's liabilities by maturity

	Carrying	Contractual cash flows						
(in EUR)	amount of liabilities	Liability	0 to 6 months	6 to 12 months	1 year to 5 years	More than 5 years		
Non-current financial liabilities	287,757,788	294,648,899	0	0	283,154,471	11,494,428		
Non-current lease liabilities	62,893,671	62,893,671	0	0	28,507,242	34,386,429		
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0		
Current financial liabilities	38,983,796	41,259,285	28,041,911	13,217,374	0	0		
Current lease liabilities	9,718,871	9,718,871	5,027,421	4,691,450	0	0		
Liabilities arising from commodity forward contracts*	-	580,963,118	279,834,608	253,863,492	47,265,018	0		
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	434,638,276	434,638,276	434,304,146	334,130	0	0		
As at 31 December 2019	834,016,402	1,424,146,120	747,208,086	272,106,446	358,950,731	45,880,857		

Current financial liabilities include derivative financial instruments totalling EUR 12,040,229.

	Carrying	rying Contractual cash flows							
(in EUR)	amount of liabilities	Liability	0 to 6 months	6 to 12 months	1 year to 5 years	More than 5 years			
Non-current financial liabilities	303,431,060	310,959,169	0	0	299,710,991	11,248,178			
Non-current lease liabilities	54,397,111	70,609,544	0	0	38,272,782	32,336,762			
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0			
Current financial liabilities	48,766,555	51,021,405	25,928,595	25,092,810	0	0			
Current lease liabilities	10,069,352	11,024,294	5,638,689	5,385,605	0	0			
Liabilities arising from commodity forward contracts*	-	366,543,618	165,388,450	156,287,654	44,867,514	0			
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	293,781,915	293,781,915	293,382,666	399,249	0	0			
As at 31 December 2020	710,469,993	1,103,963,945	490,338,400	187,165,318	382,875,287	43,584,940			

Current financial liabilities include derivative financial instruments totalling EUR 11,195,184.

The Company's liabilities by maturity

	Carrying	Contractual cash flows					
(in EUR)	amount of liabilities	Liability	0 to 6 months	6 to 12 months	1 year to 5 years	More than 5 years	
Non-current financial liabilities	282,126,997	288,374,289	0	0	276,961,111	11,413,178	
Non-current lease liabilities	31,307,247	31,307,247	0	0	8,568,990	22,738,257	
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0	
Current financial liabilities	104,221,462	105,157,701	37,482,425	67,675,276	0	0	
Current lease liabilities	3,500,072	3,500,072	1,816,293	1,683,779	0	0	
Liabilities arising from commodity forward contracts*	-	570,844,613	275,175,288	248,404,307	47,265,018	0	
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	352,957,970	352,957,970	352,904,902	53,068	0	0	
Contingent liabilities for guarantees issued**	-	187,793,007	187,793,007	0	0	0	
As at 31 December 2019	774,137,748	1,539,958,899	855,171,915	317,816,430	332,819,119	34,151,435	

Current financial liabilities include derivative financial instruments totalling EUR 14,296,925.

	Carrying	Carrying Contractual cash flows						
(in EUR)	amount of liabilities	Liability	0 to 6 months	6 to 12 months	1 year to 5 years	More than 5 years		
Non-current financial liabilities	282,866,603	287,498,462	0	0	276,250,284	11,248,178		
Non-current lease liabilities	27,608,922	39,824,872	0	0	15,965,169	23,859,703		
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0		
Current financial liabilities	160,688,732	164,278,181	33,525,671	130,752,510	0	0		
Current lease liabilities	4,259,323	4,294,274	2,212,789	2,081,485	0	0		
Liabilities arising from commodity forward contracts*	-	368,883,699	166,749,812	157,266,373	44,867,514	0		
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	228,971,139	228,971,869	228,721,931	249,938	0	0		
Contingent liabilities for guarantees issued**	-	168,698,903	168,698,903	0	0	0		
As at 31 December 2020	704,418,719	1,262,474,260	599,909,106	290,350,306	337,106,967	35,107,881		

^{*} Liabilities arising from commodity forward contracts entered into for purchasing purposes represent contractual cash outflows based on these contracts. At the same time, the Group/Company will receive corresponding payments based on offsetting commodity contracts entered into for selling purposes.

** A maximum amount of contingent liabilities is allocated to the period in which the Company can be requested to make a payment.

Current financial liabilities include derivative financial instruments totalling EUR 13,397,026.

7.3 Foreign exchange risk

The Group

			The Petro	Group			
			31 Decemb	per 2019			
(in EUR)	EUR	USD	HRK	BAM	RSD	MKD	
Cash and cash equivalents	20,542,106	1,130,148	8,526,102	1,890,589	4,792,188	2,083,073	
Current operating receivables (excluding receivables from the state)	352,588,279	877,674	53,724,484	29,096,096	22,861,620	1,736,882	
Non-current operating receivables	8,368,719	0	11,668	7,454	2,012	0	
Current financial receivables	6,802,976	0	86,387	711,813	0	100,452	
Non-current financial receivables	3,926,208	0	1,090,530	0	0	0	
Non-current operating liabilities (excluding other liabilities)	(24,000)	0	0	0	0	0	
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	(266,729,312)	(123,336,005)	(35,673,726)	(2,339,105)	(3,755,971)	(42,276)	
Non-current financial liabilities	(287,728,406)	0	(29,382)	0	0	0	
Non-current lease liabilities	(33,300,543)	0	(26,004,349)	(3,588,779)	0	0	
Current financial liabilities	(35,984,079)	(800,492)	(501,159)	0	(1,698,066)	0	
Current lease liabilities	(4,140,031)	0	(5,263,416)	(315,424)	0	0	
Exposure of the statement of financial position	(235,678,083)	(122,128,675)	(4,032,861)	25,462,644	22,201,783	3,878,131	
Nominal value of forward contracts	(105,676,559)	104,275,797	0	0	0	0	
Net exposure of the statement of financial position	(341,354,642)	(17,852,878)	(4,032,861)	25,462,644	22,201,783	3,878,131	

			The Petro	l Group			
			31 Decemb	er 2020			
(in EUR)	EUR	USD	HRK	BAM	RSD	MKD	
Cash and cash equivalents	41,589,098	2,647,365	25,007,622	4,793,284	11,422,061	1,826,793	
Current operating receivables (excluding receivables from the state)	278,973,802	279,258	48,439,561	17,645,002	17,922,324	47,930	
Non-current operating receivables	10,544,965	0	10,887	7,454	2,009	0	
Current financial receivables	2,001,364	0	263,205	72,603	0	517,355	
Non-current financial receivables	2,680,471	0	0	0	0	0	
Non-current operating liabilities (excluding other liabilities)	(24,000)	0	0	0	0	0	
Current operating liabilities (excluding liabilities to the state,							
employees and arising from prepayments)	(211,670,602)	(50,401,302)	(25,122,761)	(3,880,964)	(1,926,354)	(49,004)	
Non-current financial liabilities	(303,051,298)	0	(29,002)	0	(350,760)	0	
Non-current lease liabilities	(28,343,302)	0	(21,095,447)	(3,316,441)	(1,641,921)	0	
Current financial liabilities	(43,699,888)	(5,029,689)	(8,282)	0	(28,696)	0	
Current lease liabilities	(4,542,967)	0	(4,867,773)	(323,307)	(335,305)	0	
Exposure of the statement of financial position	(255,542,357)	(52,504,368)	22,598,010	14,997,631	25,063,358	2,343,074	
Nominal value of forward contracts	(43,412,918)	42,652,825	0	0	0	0	
Net exposure of the statement of financial position	(298,955,275)	(9,851,543)	22,598,010	14,997,631	25,063,358	2,343,074	

		3	1 December 2019				
RON	CHF	HUF	CZK	BGN	GBP	RUB	Total
2,420,856	148,501	121,145	55,836	16,320	3,269	136	41,730,269
573,237	0	2,756	0	925	0	0	461,461,953
0	0	0	0	0	0	0	8,389,853
0	0	0	0	0	0	0	7,701,628
911	0	0	0	0	0	0	5,017,649
0	0	0	0	0	0	0	(24,000)
(1,595,494)	0	(898,111)	(8,929)	(257,234)	(2,113)	0	(434,638,276)
0	0	0	0	0	0	0	(287,757,788)
0	0	0	0	0	0	0	(62,893,671)
0	0	0	0	0	0	0	(38,983,796)
0	0	0	0	0	0	0	(9,718,871)
1,399,510	148,501	(774,210)	46,907	(239,989)	1,156	136	(309,715,050)
1,240,359	0	160,404	0	0	0	0	0
2,639,869	148,501	(613,806)	46,907	(239,989)	1,156	136	(309,715,050)

The Petrol Group							
	31 December 2020						
RON	CHF	HUF	CZK	BGN	GBP	RUB	Total
1,149,872	109,704	26,426	64,291	36,843	1,489	104	88,674,952
613,350	0	8,745	0	0	0	0	363,929,972
0	0	0	0	0	0	0	10,565,315
0	0	0	0	0	0	0	2,854,527
0	0	0	0	0	0	0	2,680,471
0	0	0	0	0	0	0	(24,000)
(60,933)	0	(615,339)	0	(52,685)	(1,971)	0	(293,781,915)
0	0	0	0	0	0	0	(303,431,060)
0	0	0	0	0	0	0	(54,397,111)
0	0	0	0	0	0	0	(48,766,555)
0	0	0	0	0	0	0	(10,069,352)
1,702,289	109,704	(580,168)	64,291	(15,842)	(482)	104	(241,764,756)
760,093	0	0	0	0	0	0	0
2,462,382	109,704	(580,168)	64,291	(15,842)	(482)	104	(241,764,756)

The Company

The Company						
			Petrol d.d.			
		3.	1 December 2019			
(in EUR)	EUR	USD	HRK	BAM	RON	
Cash and cash equivalents	14,350,863	523,007	124,532	0	2,400,699	
Current operating receivables (excluding receivables from the state)	319,255,783	578,576	0	0	521,696	
Non-current operating receivables	8,368,720	0	0	0	0	
Current financial receivables	6,848,043	0	0	0	0	
Non-current financial receivables	31,876,297	0	0	0	0	
Non-current operating liabilities (excluding other liabilities)	(24,000)	0	0	0	0	
Current operating liabilities (excluding liabilities to the state,						
employees and arising from prepayments)	(227,050,876)	(123,267,983)	(824)	0	(1,543,334)	
Non-current financial liabilities	(282,126,997)	0	0	0	0	
Non-current lease liabilities	(31,307,247)	0	0	0	0	
Current financial liabilities	(104,221,462)	0	0	0	0	
Current lease liabilities	(3,500,072)	0	0	0	0	
Exposure of the statement of financial position	(267,530,948)	(122,166,400)	123,708	0	1,379,061	
Nominal value of forward contracts	(105,676,559)	104,275,797	0	0	1,240,359	
Net exposure of the statement of financial position	(373,207,507)	(17,890,603)	123,708	0	2,619,420	

		Petrol d.d.				
		31	December 2020			
(in EUR)	EUR	USD	HRK	BAM	RON	
Cash and cash equivalents	33,323,786	2,394,754	7,567,158	5	1,136,359	
Current operating receivables (excluding receivables from the state)	236,869,822	0	9,814	0	613,349	
Non-current operating receivables	10,542,414	0	0	0	0	
Current financial receivables	22,247,726	0	0	0	0	
Non-current financial receivables	58,124,422	0	0	0	0	
Non-current operating liabilities (excluding other liabilities)	(24,000)	0	0	0	0	
Current operating liabilities (excluding liabilities to the state,						
employees and arising from prepayments)	(177,862,009)	(50,308,066)	(17,581)	0	(106,130)	
Non-current financial liabilities	(282,866,603)	0	0	0	0	
Non-current lease liabilities	(27,608,922)	0	0	0	0	
Current financial liabilities	(155,543,374)	(5,145,358)	0	0	0	
Current lease liabilities	(4,259,323)	0	0	0	0	
Exposure of the statement of financial position	(287,056,061)	(53,058,670)	7,559,391	5	1,643,578	
Nominal value of forward contracts	(43,412,918)	42,652,825	0	0	760,093	
Net exposure of the statement of financial position	(330,468,979)	(10,405,845)	7,559,391	5	2,403,671	

The following exchange rates prevailed in 2020 and 2019:

Per 1 euro	31 December 2020	31 December 2019
USD	1.2281	1.1189
HRK	7.5460	7.4485
BAM	1.9558	1.9558
RSD	117.5300	117.3800
CZK	26.2520	25.4630
RON	4.8681	4.7821
MKD	61.5590	61.4190
HUF	364.8800	331.0400
CHF	1.0857	1.0871
BGN	1.9558	1.9558

As far as foreign exchange risks are concerned, the Group/ Company is most exposed to the risk of changes in the EUR/USD exchange rate arising from the procurement of petroleum products as these are primarily purchased in US dollars and sold in the domestic or foreign markets in local currencies. The Group hedges against the exposure to changes in the EUR/USD exchange rate by fixing the exchange rate in order to secure the margin. The hedging instruments used in this case are forward contracts entered into with banks. During the epidemic and with the prices of petroleum products decreasing, no changes to the foreign exchange risk hedging system were needed.

The effect of forward contracts:

The effect of forward contracts should be considered together with foreign exchange differences arising on the purchase of oil and petroleum products. The total effect of forward contracts and foreign exchange differences was as follows: revenue of EUR 62,817 (2019: expenses of EUR 359,496) for the Group and revenue of EUR 179,422 (2019: expenses of EUR 302,939) for the Company.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company considers the counterparty default

	Petrol d.d.						
				31 December 2019			
Total	CZK	BGN	MKD	GBP	RSD	HUF	CHF
17,680,102	53,687	16,320	499	2,083	13,038	46,996	148,378
320,359,388	0	925	0	0	0	2,408	0
8,368,720	0	0	0	0	0	0	0
6,848,043	0	0	0	0	0	0	0
31,876,297	0	0	0	0	0	0	0
(24,000)	0	0	0	0	0	0	0
(352,957,970)	(8,440)	(257,234)	0	(2,113)	0	(827,166)	0
(282,126,997)	0	0	0	0	0	0	0
(31,307,247)	0	0	0	0	0	0	0
(104,221,462)	0	0	0	0	0	0	0
(3,500,072)	0	0	0	0	0	0	0
(389,005,198)	45,247	(239,989)	499	(30)	13,038	(777,762)	148,378
0	0	0	0	0	0	160,404	0
(389,005,198)	45,247	(239,989)	499	(30)	13,038	(617,358)	148,378

Petrol d.d.							
	31 December 2020						
CHF	HUF	RSD	GBP	MKD	BGN	CZK	Total
109,580	26,426	29,338	1,416	498	36,843	44,362	44,670,525
0	8,745	0	0	0	0	0	237,501,730
0	0	0	0	0	0	0	10,542,414
0	0	0	0	0	0	0	22,247,726
0	0	0	0	0	0	0	58,124,422
0	0	0	0	0	0	0	(24,000)
0	(582,213)	0	(1,971)	(40,484)	(52,685)	0	(228,971,139)
0	0	0	0	0	0	0	(282,866,603)
0	0	0	0	0	0	0	(27,608,922)
0	0	0	0	0	0	0	(160,688,732)
0	0	0	0	0	0	0	(4,259,323)
109,580	(547,042)	29,338	(555)	(39,986)	(15,842)	44,362	(331,331,902)
0	0	0	0	0	0	0	0
109,580	(547,042)	29,338	(555)	(39,986)	(15,842)	44,362	(331,331,902)

	The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Unrealised loss	(786,222)	(811,542)	(786,222)	(811,542)
Unrealised gain	2,636	34,530	2,636	34,530
Realised loss	(3,887,227)	(2,360,528)	(3,887,227)	(2,360,528)
Realised gain	2,099,191	5,015,080	2,099,191	5,015,080
Total effect of forward contracts	(2,571,622)	1,877,540	(2,571,622)	1,877,540

risk is minimal. The Group is exposed to foreign exchange risks also in doing business with its subsidiaries in SE Europe. Considering the low volatility of exchange rates of local currencies in SE Europe markets and the relatively low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In 2020 the Group/Company was also exposed to certain other currencies (RON, HUF), which was hedged using derivative financial instruments. Exposure to currencies in other markets in which the Group/Company is present through its companies is either smaller or the currencies

are considerably less volatile compared to the euro. We estimate that a change in the exchange rate would not have a material impact on profit or loss.

The Group/Company regularly monitors its open currency position and sensitivity based on the VaR method for all currencies to which it is exposed.

An unfavourable change in any currency pair by 10 percent would decrease net profit by a maximum of EUR 2,451,284 (2019: EUR 2,189,001), with the EUR/BAM currency pair being treated as fixed.

7.4 Price and volumetric risk

The Group/Company is exposed to price and volumetric risks arising from energy operations. The Group/Company manages price and volumetric risks primarily by aiming to align purchases and sales of energy product in terms of quantities as well as purchase and sales conditions, thus securing its margin. Depending on the business model for each energy product, limits are in place that restrict exposure to price and volumetric risks.

To hedge petroleum product prices, the Group/Company uses mostly derivative financial instruments. Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company considers the counterparty default risk as minimal. The Group/Company enters into derivative financial instruments also in connection with electricity trading, engaging financial institutions to ensure minimal counterparty default risk and taking into account market value limits it has adopted.

The effect of commodity swaps:

	The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Unrealised loss	(5,029,689)	(6,183,317)	(5,145,357)	(6,104,307)
Unrealised gain	11,314,346	495,381	11,259,599	359,549
Realised loss	(69,439,844)	(78,202,956)	(71,128,290)	(78,471,077)
Realised gain	88,792,312	79,522,417	88,488,856	76,723,098
Total effect of commodity swaps	25,637,125	(4,368,475)	23,474,808	(7,492,737)

In the electricity trading segment, the effect of changes in electricity market prices on the market value of contracts is calculated (mark-to-market approach).

A change in electricity market prices of ± 3 percent as at 31 December 2020 would mean that the market value of contracts would be EUR $\pm 508,000$. The calculation includes both physical and financial transactions.

7.5 Interest rate risk

The Group/Company is exposed to interest rate risks because it takes out loans with a floating interest rate, which are mostly EURIBOR-based. In 2020 the Group/Company continued to monitor exposure to changes in net interest expense in the case of interest rate changes. The exposure to interest rate risks is hedged using the following instruments:

- partly through ongoing operations, the Group's/Company's interest rate on operating receivables being indirectly EURIBOR-based;
- partly through forward markets by entering into interest rate swaps;
- · taking out loans with a fixed interest rate.

The Group/Company uses hedge accounting on interest rate swaps. Hedged items and hedging instruments represent an effective hedging relationship, which is why interest rate risk hedging outcomes are recognised directly in equity. In the case of interest rate swaps where an effective hedging relationship does not exist, the effect of interest rate swaps is recognised in the statement of profit or loss.

Overview of Euribor interest rates in 2020 and 2019:

	6-month EURIBOR	3-month EURIBOR	1-month EURIBOR
Value as at 31 December 2019 (in percent)	(0.325)	(0.390)	(0.444)
Value as at 31 December 2020 (in percent)	(0.523)	(0.538)	(0.555)
Change in interest rate (in percentage points)	(0.198)	(0.148)	(0.111)
The lowest value in 2020 (in percent)	(0.526)	(0.545)	(0.554)
The highest value in 2020 (in percent)	(0.323)	(0.379)	(0.436)
Change between the lowest and the highest interest rate (in percentage points)	0.203	0.166	0.118
Average value in 2019 (in percent)	(0.302)	(0.356)	(0.408)
Average value in 2020 (in percent)	(0.367)	(0.427)	(0.499)
Change in average interest rate (in percentage points)	(0.065)	(0.071)	(0.091)

Interest rate swaps by maturity:

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
6 to 12 months	24,000,000	24,000,000	24,000,000	24,000,000
1 to 5 years	231,000,000	255,000,000	181,000,000	205,000,000
Total interest rate swaps	255,000,000	279,000,000	205,000,000	229,000,000

The effect of interest rate swaps:

	The Petrol Group		Petro	l d.d.
(in EUR)	2020	2019	2020	2019
Unrealised loss on effective transactions	(128,073)	(4,122,726)	124,723	(4,045,459)
Realised loss	(1,787,481)	(1,430,385)	(1,632,798)	(1,291,136)
Total effect of interest rate swaps	(1,915,554)	(5,553,111)	(1,508,075)	(5,336,595)

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate:

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial receivables	2,433,594	7,729,771	78,258,364	31,224,421
Financial liabilities	(44,966,831)	(32,828,000)	(179,582,099)	(137,679,592)
Net financial instruments with a fixed interest rate	(42,533,237)	(25,098,229)	(101,323,735)	(106,455,171)

Financial instruments with a variable interest rate:

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial receivables	3,101,404	4,989,506	2,113,784	7,499,918
Financial liabilities	(307,230,784)	(293,913,584)	(263,973,236)	(248,668,867)
Net financial instruments with a variable interest rate	(304,129,380)	(288,924,078)	(261,859,452)	(241,168,949)

Value of financial liabilities hedged using interest rate swaps:

	The Petrol Group		Petrol	d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Interest rate swaps	255,000,000	279,000,000	205,000,000	229,000,000
Total interest rate swaps	255,000,000	279,000,000	205,000,000	229,000,000

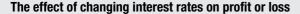
A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) net profit or loss by amounts indicated below. Cash flow sensitivity analysis in the case of instruments with a variable interest rate assumes that all variables, in particular foreign exchange rates, remain unchanged. When performing the calculation, the value of receivables (liabilities) with variable interest rates is further decreased by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

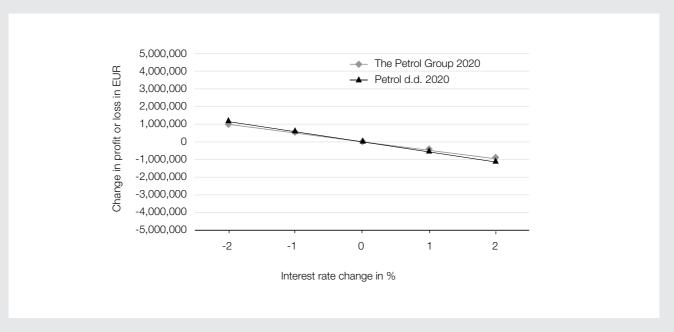
Change in profit or loss in the case of an increase by 100 or 200 bp:

	The Petrol Group		Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash flow variability (net) -100 bp	(491,294)	(99,241)	(568,595)	(121,689)
Cash flow variability (net) –200 bp	(982,588)	(198,482)	(1,137,189)	(243,379)

Change in profit or loss in the case of a decrease by 100 or 200 bp:

	The Petro	ol Group	Petro	l d.d.
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash flow variability (net) -100 bp	491,294	99,241	568,595	121,689
Cash flow variability (net) –200 bp	982,588	198,482	1,137,189	243,379





7.6 Capital adequacy management

The main purpose of capital adequacy management is to ensure the best possible financial stability, long-term solvency and maximum shareholder value. The Group/Company achieves this also through stable dividend pay-out policy. Testifying to our financial stability are the "BBB-" credit rating received from S&P at the end of June 2014 and the successful international issuance of eurobonds worth a total of EUR 265 million, which were fully repaid in 2019. On 24 June 2020, Standard & Poor's Ratings Services

reaffirmed the "BBB-" long-term credit rating and the "A-3" short-term credit rating of Petrol d.d., Ljubljana, also reaffirming the "stable" credit rating outlook.

Despite the impact of the epidemic, the Petrol Group continued to pursue in 2020 its strategic orientation to drive down financial debt, improving the net debt to equity ratio through good operating performance.

	The Petro	l Group	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Non-current financial liabilities	303,431,060	287,757,788	282,866,603	282,126,997	
Non-current lease liabilities	54,397,111	62,893,671	27,608,922	31,307,247	
Current financial liabilities	48,766,555	38,983,796	160,688,732	104,221,462	
Current lease liabilities	10,069,352	9,718,871	4,259,323	3,500,072	
Total financial liabilities	416,664,078	399,354,126	475,423,580	421,155,778	
Total equity	826,669,437	811,252,257	585,981,368	601,903,014	
Debt/Equity	0.50	0.49	0.81	0.70	
Cash and cash equivalents	88,674,952	41,730,269	44,670,525	17,680,102	
Net financial liabilities	327,989,126	357,623,857	430,753,055	403,475,676	
Net debt/Equity	0.40	0.44	0.74	0.67	

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

	The Petrol Group				
	31 Decembe	r 2020	31 December	· 2019	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value	
Non-derivative financial assets at fair value					
Financial assets at fair value through other comprehensive income	4,528,987	4,528,987	4,528,987	4,528,987	
Non-derivative financial assets at amortised cost					
Financial receivables (excluding derivative financial instruments)	5,534,998	5,534,998	12,719,277	12,719,277	
Operating receivables (excluding receivables from the state)	374,495,287	374,495,287	469,851,806	469,851,806	
Contract assets	1,949,652	1,949,652	1,819,842	1,819,842	
Cash and cash equivalents	88,674,952	88,674,952	41,730,269	41,730,269	
Total non-derivative financial assets	475,183,876	475,183,876	530,650,181	530,650,181	
Non-derivative financial liabilities at amortised cost					
Bank loans and other financial liabilities (excluding derivative financial instruments)	(341,002,431)	(341,002,431)	(314,701,355)	(314,701,355)	
Lease liabilities	(64,466,463)	(64,466,463)	(72,612,542)	(72,612,542)	
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from prepayments)	(293,805,915)	(293,805,915)	(434,662,276)	(434,662,276)	
Total non-derivative financial liabilities	(699,274,809)	(699,274,809)	(821,976,173)	(821,976,173)	
Derivative financial instruments at fair value					
Derivative financial instruments (assets)	11,316,982	11,316,982	529,911	529,911	
Derivative financial instruments (liabilities)	(11,195,184)	(11,195,184)	(12,040,229)	(12,040,229)	
Total derivative financial instruments	121,798	121,798	(11,510,318)	(11,510,318)	

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		Petrol	d.d.	
	31 Decemb	er 2020	31 Decembe	r 2019
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	2,117,914	2,117,914	2,117,914	2,117,914
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	80,372,148	80,372,148	38,724,340	38,724,340
Operating receivables (excluding receivables from the state)	248,044,144	248,044,144	328,728,108	328,728,108
Contract assets	3,276,761	3,276,761	2,095,457	2,095,457
Cash and cash equivalents	44,670,525	44,670,525	17,680,102	17,680,102
Total non-derivative financial assets	378,481,492	378,481,492	389,345,921	389,345,921
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative financial instruments)	(430,158,309)	(430,158,309)	(372,051,534)	(372,051,534)
Lease liabilities	(31,868,245)	(31,868,245)	(34,807,319)	(34,807,319)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from prepayments)	(228,995,139)	(228,995,139)	(352,981,970)	(352,981,970)
Total non-derivative financial liabilities	(691,021,693)	(691,021,693)	(759,840,823)	(759,840,823)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	11,262,235	11,262,235	394,078	394,078
Derivative financial instruments (liabilities)	(13,397,026)	(13,397,026)	(14,296,925)	(14,296,925)
Total derivative financial instruments	(2,134,791)	(2,134,791)	(13,902,847)	(13,902,847)

Presentation of financial assets and liabilities disclosed at fair value according to the fair value hierarchy

The Petrol Group

Fair value of assets

		31 Dece	mber 2020		31 December 2019			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	11,316,982	0	0	11,316,982	529,911	0	0	529,911
Financial assets at fair value through other comprehensive income	0	0	4,528,987	4,528,987	0	0	4,528,987	4,528,987
Total assets at fair value	11,316,982	0	4,528,987	15,845,969	529,911	0	4,528,987	5,058,898
Non-current financial receivables	0	0	2,680,471	2,680,471	0	0	5,017,649	5,017,649
Current financial receivables	0	0	2,854,527	2,854,527	0	0	7,701,628	7,701,628
Non-current operating receivables	0	0	10,565,315	10,565,315	0	0	8,389,853	8,389,853
Current operating receivables (excluding receivables from the state)	0	0	363,929,972	363,929,972	0	0	461,461,953	461,461,953
Contract assets	0	0	1,949,652	1,949,652	0	0	1,819,842	1,819,842
Cash and cash equivalents	0	0	88,674,952	88,674,952	0	0	41,730,269	41,730,269
Total assets with fair value disclosure	0	0	470,654,889	470,654,889	0	0	526,121,194	526,121,194
Total assets	11,316,982	0	475,183,876	486,500,858	529,911	0	530,650,181	531,180,092

Fair value of liabilities

		31 Dece	ember 2020			31 Dec	ember 2019	
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(11,195,184)	0	0	(11,195,184)	(12,040,229)	0	0	(12,040,229)
Total liabilities at fair value	(11,195,184)	0	0	(11,195,184)	(12,040,229)	0	0	(12,040,229)
Non-current financial liabilities	0	0	(303,431,060)	(303,431,060)	0	0	(287,757,788)	(287,757,788)
Non-current lease liabilities	0	0	(54,397,111)	(54,397,111)	0	0	(62,893,671)	(62,893,671)
Current financial liabilities (excluding liabilities at fair value)	0	0	(37,571,371)	(37,571,371)	0	0	(26,943,567)	(26,943,567)
Current lease liabilities	0	0	(10,069,352)	(10,069,352)	0	0	(9,718,871)	(9,718,871)
Non-current operating liabilities (excluding other liabilities)	0	0	(24,000)	(24,000)	0	0	(24,000)	(24,000)
Current operating liabilities (excluding liabilities to the state, employees and arising from prepayments)	0	0	(293,781,915)	(293,781,915)	0	0	(434,638,276)	(434,638,276)
Total liabilities with fair value disclosure	0	0	(699,274,809)	(699,274,809)	0	0	(821,976,173)	(821,976,173)
Total liabilities	(11,195,184)	0	(699,274,809)	(710,469,993)	(12,040,229)	0	(821,976,173)	(834,016,402)

The fair value of financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of a 6.5-percent required rate of return before taxes and a 1-percent long-term growth rate. An increase in the above assumptions by

0.5 percentage point would have caused the fair value to increase by EUR 1,034,013. A decrease in the above assumptions by 0.5 percentage point would have caused the fair value to decrease by EUR 715,987.

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Fair value of assets

		31 Dece	mber 2020		31 December 2019			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	11,262,235	0	0	11,262,235	394,078	0	0	394,078
Financial assets at fair value through other comprehensive income	0	0	2,117,914	2,117,914	0	0	2,117,914	2,117,914
Total assets at fair value	11,262,235	0	2,117,914	13,380,149	394,078	0	2,117,914	2,511,992
Non-current financial receivables	0	0	58,124,422	58,124,422	0	0	31,876,297	31,876,297
Current financial receivables	0	0	22,247,726	22,247,726	0	0	6,848,043	6,848,043
Non-current operating receivables	0	0	10,542,414	10,542,414	0	0	8,368,720	8,368,720
Current operating receivables (excluding receivables from the state)	0	0	237,501,730	237,501,730	0	0	320,359,388	320,359,388
Contract assets	0	0	3,276,761	3,276,761	0	0	2,095,457	2,095,457
Cash and cash equivalents	0	0	44,670,525	44,670,525	0	0	17,680,102	17,680,102
Total assets with fair value disclosure	0	0	376,363,578	376,363,578	0	0	387,228,007	387,228,007
Total assets	11,262,235	0	378,481,492	389,743,727	394,078	0	389,345,921	389,739,999

Fair value of liabilities

		31 Dece	ember 2020			31 Dec	ember 2019	
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(10,828,180)	0	(2,568,846)	(13,397,026)	(11,728,079)	0	(2,568,846)	(14,296,925)
Total liabilities at fair value	(10,828,180)	0	(2,568,846)	(13,397,026)	(11,728,079)	0	(2,568,846)	(14,296,925)
Non-current financial liabilities	0	0	(282,866,603)	(282,866,603)	0	0	(282,126,997)	(282,126,997)
Non-current lease liabilities	0	0	(27,608,922)	(27,608,922)	0	0	(31,307,247)	(31,307,247)
Current financial liabilities (excluding liabilities at fair value)	0	0	(147,291,706)	(147,291,706)	0	0	(89,924,537)	(89,924,537)
Current lease liabilities	0	0	(4,259,323)	(4,259,323)	0	0	(3,500,072)	(3,500,072)
Non-current operating liabilities (excluding other liabilities)	0	0	(24,000)	(24,000)	0	0	(24,000)	(24,000)
Current operating liabilities (excluding liabilities to the state, employees and	0	0	/000 071 100\	(000 071 100)	0	0	(250,057,070)	(250 057 070)
arising from prepayments)	0	0	(228,971,139)	(228,971,139)	0	0	(352,957,970)	(352,957,970)
Total liabilities with fair value disclosure	0	0	(691,021,693)	(691,021,693)	0	0	(759,840,823)	(759,840,823)
Total liabilities	(10,828,180)	0	(693,590,539)	(704,418,719)	(11,728,079)	0	(762,409,669)	(774,137,748)

Changes in Level 3 assets measured at fair value

	The Petro	ol Group	Petrol d.d.		
(in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
As at 1 January	4,528,987	9,168,567	2,117,914	1,374,993	
New acquisitions	1,398,705	0	1,398,705	0	
Disposals	(419,612)	(5,382,500)	(419,612)	0	
Total profits or losses recognised in the statement of comprehensive income	0	742,921	0	742,921	
Total profits or losses recognised in the statement of profit or loss	(979,093)	0	(979,093)	0	
As at 31 December	4,528,987	4,528,987	2,117,914	2,117,914	

The fair value of financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of an 8-percent required rate of return before taxes and a 1.5-percent long-term growth rate. An increase in the above assumptions

by 0.5 percentage point would have caused the fair value to increase by EUR 397,086. A decrease in the above assumptions by 0.5 percentage point would have caused the fair value to decrease by EUR 291,914.

8. Related party transactions

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. The ownership structure as at 31 December 2020 is presented in chapter The Management and Governance System of Petrol d.d., Ljubljana in the business report.

All of the Group/Company related party transactions were carried out based on the market conditions applicable to transactions with unrelated parties.

Companies in the Petrol Group

	The Petro	ol Group	Petrol d.d.		
(in EUR)	2020	2019	2020	2019	
Sales revenue:					
Subsidiaries	-	-	206,991,780	331,397,782	
Jointly controlled entities	534,220	800,952	32,337	41,604	
Associates	23,110	25,287	23,110	25,287	
Cost of goods sold:					
Subsidiaries	-	-	43,752,057	47,531,245	
Jointly controlled entities	98,326	190,475	0	0	
Costs of materials:					
Subsidiaries	-	-	218,101	259,023	
Jointly controlled entities	1,976	3,365	902	1,623	
Costs of services:					
Subsidiaries	-	-	593,551	661,372	
Finance income from interests in Group companies:					
Subsidiaries	-	-	2,099,063	820,542	
Jointly controlled entities	124,978	192,568	172,934	150,000	
Associates	3,383,812	2,356,037	1,328,681	1,204,194	
Finance income from interest:					
Subsidiaries	-	-	505,509	340,543	
Jointly controlled entities	456	1,281	456	1,281	
Associates	0	12	0	12	

Gain on derivatives:				
Subsidiaries	-	-	1,143,174	678,681
Other finance income:				
Subsidiaries	-	-	173,383	193,953
Associates	1,433	1,780	1,433	1,780
Finance expenses due to impairment of investments and goodwill:				
Subsidiaries	2,662,470	0	3,605,872	0
Finance expenses for interest:				
Subsidiaries	-	-	1,218,265	974,531
Jointly controlled entities	224	0	224	0
Loss on derivatives:				
Subsidiaries	-	-	1,726,045	1,060,557

	The Petro		Petrol	
(in EUR)	2020	2019	2020	2019
Allowance for operating receivables:				
Jointly controlled entities	426,265	404,805	426,265	404,805
Investments in Group companies:				
Subsidiaries	-	-	351,013,627	341,346,801
Jointly controlled entities	562,016	610,273	233,000	233,000
Associates	55,953,391	54,655,607	29,185,477	29,939,454
Non-current financial receivables:				
Subsidiaries	-	-	56,492,385	30,838,499
Jointly controlled entities	0	3,386,400	0	3,541,400
Current operating receivables:				
Subsidiaries	-	-	16,575,671	20,455,188
Jointly controlled entities	125,748	111,605	2,301	7,387
Associates	1,244	533	1,244	533
Current financial receivables:				
Subsidiaries	-	-	20,778,358	5,365,733
Jointly controlled entities	68,800	201,281	68,800	201,281
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	377,677	0
Short-term deferred costs and expenses:				
Subsidiaries	-	-	424,711	361,164
Contract assets:				
Subsidiaries	-	-	1,364,744	46,481
Non-current financial liabilities:				
Subsidiaries	-	-	29,638,849	44,636,849
Current financial liabilities:				
Subsidiaries	-	-	112,597,148	67,467,465
Jointly controlled entities	300,025	125,012	300,025	125,012
Current operating liabilities:				
Subsidiaries	-	-	6,438,681	9,262,126
Jointly controlled entities	9,867	28,200	0	0
Contract liabilities:				
Subsidiaries	-	-	5,773	1,675

Remuneration of Supervisory Board and committee members of Petrol d.d., Ljubljana, in accordance with Appendix C4 of the Code

(in EUR)	Function	Basic SB payment	Attendance fees	Sum gross	Sum net	Travel expenses
Sašo Berger	President of the Supervisory Board since 25 January 2020 (previously Deputy President of the Supervisory Board and standing in for Supervisory Board president since 24 October 2019)	22.663	6,908	29,571	21,507	0
Igo Gruden	Deputy President of the Supervisory Board since 11 February 2020	16,188	8,316	24,504	17,821	
Mladen Kaliterna	Member of the Supervisory Board	17,806	6,468	24,274	17,655	0
Metod Podkrižnik	Member of the Supervisory Board	16,188	6,248	22,436	16,317	0
Sergej Goriup	Member of the Supervisory Board	17,806	6,908	24,714	17,975	0
Zoran Gračner	Member of the Supervisory Board until 10 December 2020	15,200	5,698	20,898	15,199	0
Alen Mihelčič	Member of the Supervisory Board	16,188	6,908	23,096	16,797	0
Robert Ravnikar	Member of the Supervisory Board	16,188	6,908	23,096	16,797	0
Janez Pušnik	Member of the Supervisory Board since 24 July 2020 (previously an external member of the Audit Committee)	9,713	4,763	14,476	10,528	0
Christoph Geymayer	External member of the Audit Committee since 24 August 2020	1,703	880	2,583	1,879	0
Žiga Škerjanec	External member of the Human Resources committee at its 21st and 22nd meeting (11 November and 16-17 November 2020)	0	440	440	320	0
Marko Šavli	Member of the Supervisory Board since 11 December 2020	790	275	1,065	775	0
Total:		150,433	60,720	211,153	153,570	0

Remuneration of Management Board members of Petrol d.d., Ljubljana, in accordance with Appendix C3 of the Code

2019

	Fixed	Variable ren	nuneration –	gross***						
	remune-	Based on	Based on		Deferred					
(in EUR)	ration – gross (1)**	quantitative criteria	qualitative criteria	Total	remune- ration	Termination payments	Benefits	Clawback	Sum gross	Sum net
Nada Drobne Popović, President of the Management Board since 25 October 2019	36,765	0	0	0	0	0	0	0	36,765	17,607
	30,703				0	0			30,703	17,007
Danijela Ribarič Selaković, Member of the Management Board since 25 October 2019	31,043	673	597	1,270	0	0	583	0	32,896	15,368
	31,043	073		1,270	0	0			32,030	10,000
Tomaž Berločnik, President of the Management Board until 24	100,000	07.450	77.550	105.000	0	00.000	10,000	0	440 400	175 100
October 2019	162,300	87,450	77,550	165,000	0	99,000	13,898	0	440,198	175,138
Rok Vodnik, Member of the Management Board until 24 October 2019	137,843	74,200	65,800	140,000	0	84,000	21,040	0	382,883	149,647
Igor Stebernak, Member of the Management Board until 24	<u> </u>					, , , , , , , , , , , , , , , , , , ,	· ·		<u> </u>	
October 2019	137,843	74,200	65,800	140,000	0	84,000	13,318	0	375,161	150,361
Ika Krevzel Panić, Worker										
Director	79,706	11,877	10,533	22,410	0	0	4,269	0	106,385	54,152
Total:	585,500	248,401	220,280	468,680	0	267,000	53,108	0	1,374,288	562,273

2020

(in EUR)	Fixed remune- ration – gross (1)**	Variable Based on quan- titative criteria	remuneration Based on qualitative criteria	n – gross*** Total	Deferred remune- ration	Termi- nation payments	Benefits	Clawback	Sum gross	Sum net
Nada Drobne Popović, President of the Management Board	192,341	670	330	1,000	0	0	10,873	0	204,214	84,902
Jože Bajuk, Member of the Management Board since 11 March 2020	130,650	517	254	771	0	0	6,579	0	138,000	62,747
Matija Bitenc, Member of the Management Board since 11 March 2020	130,650	517	254	771	0	0	10,387	0	141,808	61,471
Jože Smolič, Member of the Management Board since 28 August 2020	57,733	141	70	211	0	0	4,790	0	62,734	26,416
Danijela Ribarič Selaković, Member of the Management Board until 10 March 2020	32,332	151	74	225	0	0	572	0	33,129	15,379
Tomaž Berločnik, President of the Management Board until 24 October 2019	0	55,275	27,225	82,500	0	0	0	0	82,500	48,201
Rok Vodnik, Member of the Management Board until 24 October 2019	0	46,900	23,100	70,000	0	0	0	0	70,000	40,898
Igor Stebernak, Member of the Management Board until 24 October 2019	0	46,900	23,100	70,000	0	0	0	0	70,000	40,898
Ika Krevzel Panić, Worker Director until 10 December 2020	82,073	15,020	7,398	22,418	0	0	3,020	0	107,511	56,499
Zoran Gračner, Worker Director since 11 December 2020	5,787	0	0	0	0	0	223	0	6,010	3,265
Total:	631,566	166,091	81,805	247,896	0	0	36,444	0	915,906	440,676

^{*} Travel expenses, costs of accommodation and subsistence allowance are not disclosed as by their nature they do not represent Management Board remuneration.

Total remuneration paid in 2020 by the Company to members of the Workers' Council stood at EUR 14,996.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2020.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2020, except for liabilities arising from December salaries payable in January 2021.

In 2020 members of the Company's Management Board and Supervisory Board were not remunerated for the functions performed in the management and supervisory bodies of the Petrol Group's subsidiaries.

^{**} Fixed remuneration – gross comprises the basic salary and pay for annual leave (pay for annual leave: EUR 941 to Management Board members, EUR 1,200 to the Worker Director).

^{***} Variable remuneration – gross comprises the annual bonus and the performance bonus.

9. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 158,227,285 as at 31 December 2020 (31 December 2019: EUR 174,450,355) and were as follows:

	Petro	l d.d.	Petrol d.d.		
in EUR)	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Guarantee issued to:	Valu	e of guarantee issued	Guarantee amount used		
Petrol d.o.o.	99,171,455	102,091,025	67,990,968	76,293,834	
Vjetroelektrana Ljubač d.o.o.	23,792,130	23,792,130	0	0	
Geoplin d.o.o. Ljubljana	13,000,000	28,000,000	8,069,782	2,174,815	
Petrol d.o.o. Beograd	7,625,489	6,580,000	833,397	466,736	
Petrol BH Oil Company d.o.o. Sarajevo	4,193,616	4,466,135	2,634,186	2,200,742	
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	1,800,000	
Petrol Crna Gora MNE d.o.o.	480,000	590,000	124,856	97,770	
Aquasystems d.o.o.	373,318	911,309	373,318	911,309	
Total	151,636,008	169,430,599	81,826,507	83,945,205	
Bills of exchange issued as security	10,471,618	13,342,652	10,471,618	13,342,652	
Other guarantees	6,591,277	5,019,756	6,591,277	4,924,665	
Total contingent liabilities for guarantees issued	168,698,903	187,793,007	98,889,402	102,212,523	

The value of guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability, as reported on 31 December, for which the guarantee has been issued.

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 21,931,527. Interest on overdue amounts arising from the claims stood at EUR 132,962 as at 31 December 2020. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside long-term provisions. See explanation in Note 6.34.

The total value of lawsuits against the Group as defendant and debtor totals EUR 22,446,251. Interest on overdue amounts arising from the claims stood at EUR 132,962 as at 31 December 2020.

10. Events after the reporting date

In February 2020, the Company entered into a purchase and sale contract to acquire a 100-percent interest in the company E 3 d.o.o. The conditions for recognising the assets and liabilities in the Group's financial statements and for their control were fulfilled in January 2021. The assets of E 3 d.o.o. as at 31 December 2020 totalled EUR 38,978,164, of which non-current assets stood at EUR 9,306,572 and current assets at EUR 29,671,591. The company's non-current liabilities as at 31 December 2020 totalled EUR 1,112,372 and its current liabilities EUR 22,637,883. The company's equity as at 31 December 2020 amounted to EUR 15,227,909. The Company paid EUR 14,975,000 in return for the 100-percent interest in the company. The purchase price corresponds to the net value of the acquired

The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside long-term provisions. See explanation in Note 6.34.

Inventories owned by other entities

The Group's and the Company's inventories as at 31 December 2020 included commodity reserve stocks of the Republic of Slovenia totalling EUR 107,592,089 (EUR 174,187,252 as at 31 December 2019). The Company's and the Group's inventories as at 31 December 2020 also included goods delivered on consignment totalling EUR 31,750,932 (EUR 34,080,649 as at 31 December 2019) and EUR 32,787,543 (EUR 35,130,864 as at 31 December 2019), respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

company's assets. No material impact on the Group's consolidated financial statements arising from positive or negative goodwill is therefore expected in 2021. Due to time constraints, the Group did not fully account for the acquisition by the day the auditor's report has been issued.

In 2021, the Company entered into a purchase and sale contract to acquire a 100-percent interest in the company Crodux derivati dva d.o.o. The contract is enforceable subject to suspensive conditions. The Company did not have all the information about the operations of Crodux derivati dva d.o.o. in 2020 by the day the auditor's report has been issued.

There were no other events after the reporting date that would significantly affect the financial statements for 2020 presented herein.

11. Financial statements of Petrol d.d., Ljubljana by activity in accordance with the Services of General Economic Interest Act and the Energy Act

11.1 Introduction

The energy part comprises an overview of the financial statements that the Company is obliged to disclose in accordance with the Energy Act (Official Gazette of the RS, No. 17/14), which stipulates that undertakings performing energy activities in the field of electricity or natural gas or heat supply have to prepare, audit and publish annual financial statements in the manner prescribed by law for companies, irrespective of their legal form and ownership.

In accordance with Article 66 of the Services of General Economic Interest Act (Official Gazette of the RS, No. 32/1993 and 30/1998), the Company has to separately monitor all accounting records that enable the calculation of costs, expenses and revenue according to the principles applicable to companies.

According to the provisions of the Energy Act, the annual report shall also include the rules and criteria based on which assets, liabilities, revenue and expenses are allocated to individual energy activities.

11.2 Accounting policies for separating financial statements

In separating financial statements, the principles of prudence and accuracy were taken into account. The Company maintains separate accounting records for each activity, thus enabling close monitoring of all forms of revenue and expenses. At the same time, the Company discloses in its books fixed assets separately for individual activities.

For each of the activities reported in accordance with the Energy Act, the Company has designated a cost centre. All activities represent the Company's production cost centres. Revenue and expenses are accurately separated according to the activity for which they are recognised.

The Company also generates revenue and expenses that are not related to a specific activity, but represent general indirect revenue and expenses. These revenue and expenses are presented entirely under market activities.

Within the Company, there are two organisational units dealing with energy, namely the Energy and Environmental Systems organisational unit and the Management of Energy Products and Energy organisational unit. Within these organisational units, general indirect expenditure is generated by individual section, which is divided according to the key applied within each section. The Energy and Environmental Systems organisational unit incurs indirect expenses, which are divided according to the key used within the organisational unit. Serving both organisational units are the department Customer Support and Sales and Contact

Centre and the Back Office department. Expenses are distributed by area (and further by individual activity) according to the key used. The Company also has the IT department, in which case the proportion of expenses related to energy is distributed by area (and further by individual activity). The Company used the cost key per activity as the basis for the distribution of all indirect expenditure.

The statement of profit or loss was divided in the following steps:

- net sales revenue is separated by individual activity directly according to invoiced sales for each activity (cost centre):
- the cost of goods is the cost of energy products sold and is recognised directly;
- costs of materials are direct costs of materials attributable to an individual activity. A proportionate share of indirect costs of materials is allocated to each activity according to the division key used;
- costs of services are direct costs of services attributable to an individual activity. A proportionate share of indirect costs of services is allocated to each activity according to the division key used;
- labour costs are direct labour costs attributable to an individual activity. A proportionate share of indirect labour costs is allocated to each activity according to the division key used;
- the depreciation and amortisation charge is a direct cost of depreciation and amortisation attributable to an individual activity. A proportionate share of indirect cost of depreciation and amortisation is allocated to each activity according to the division key used;
- other costs and expenses are direct other costs and expenses attributable to an individual activity. A proportionate share of indirect other costs and expenses is allocated to each activity according to the division key used:
- finance expenses are finance expenses attributable to an individual activity (for each activity, interest expense arising from loans is allocated to individual activities, much like long-term and short-term loans are calculated by taking into account the average value of non-current assets);
- other revenue is allocated to an individual activity according to the division key used;
- other expenses are allocated to an individual activity according to the division key used.

The statement of financial position was divided in the following steps:

- intangible assets are carried directly under individual activities and the indirect part is recognised among other activities;
- items of property, plant and equipment are carried directly under individual activities and the indirect part is recognised among other activities;

- non-current investments are recognised as the indirect part under other activities;
- inventories are recognised as the indirect part under other activities;
- non-current operating receivables are recognised as the indirect part under other activities;
- current operating receivables are carried directly under individual activities and the indirect part is recognised among other activities;
- other operating receivables comprise the difference between assets and liabilities under individual activities;
- · current investments are recognised as the indirect part under other activities;
- other assets are carried directly under individual activities and the indirect part is recognised among other activities;
- called-up capital and capital surplus were determined on 31 December 2015 as the difference between assets and liabilities at that time;

- net profit or loss for the year is calculated in the statement of profit or loss for the year for each activity;
- provisions are recognised as the indirect part under other activities, unless a direct cost centre can be determined;
- non-current financial and operating liabilities arise from long-term loans that are disclosed as a liability under activities and are calculated directly under individual activities:
- current financial and operating liabilities are calculated directly under individual activities and the indirect part is recognised among other activities;
- other operating liabilities comprise the difference between assets and liabilities under individual activities;
- other liabilities are recorded directly under individual activities and the direct part is recognised among other activities.

11.3 Presentation of financial statements by activities of Petrol d.d., Ljubljana

11.3.-1 Statement of profit or loss by activity

Natural gas distribu-		Closed natural gas			
tion system operator	Natural gas supply	distribution system	Heat generation	Heat distribution	
11,942,780	29,198,710	612,334	3,676,906	2,045,188	
0	(24,349,422)	0	(3,123)	(91,540)	
(2,139,484)	(150)	(377,462)	(2,085,593)	(440,171)	
(745,579)	(70,444)	(21,346)	(415,119)	(188,418)	
(1,295,837)	(26,829)	(141,772)	(966,934)	(926,765)	
(2,774,606)	(7,014)	(31,357)	(547,831)	(621,497)	
(717,989)	(34)	(795)	(195,474)	(45,874)	
(7,673,495)	(104,471)	(572,732)	(4,210,951)	(2,222,725)	
67,633	2	0	22,376	36,658	
0	0	0	0	0	
4,336,918	4,744,819	39,602	(514,792)	(232,419)	
0	0	0	0	0	
0	0	0	0	0	
(362,173)	(89)	(2,838)	(39,162)	(81,451)	
(362,173)	(89)	(2,838)	(39,162)	(81,451)	
3,974,745	4,744,730	36,764	(553,954)	(313,870)	
(755,202)	(901,499)	(6,985)	105,251	59,635	
0	0	0	0	0	
(755,202)	(901,499)	(6,985)	105,251	59,635	
3,219,543	3,843,231	29,779	(448.703)	(254,235)	
	tion system operator 11,942,780 0 (2,139,484) (745,579) (1,295,837) (2,774,606) (717,989) (7,673,495) 67,633 0 4,336,918 0 (362,173) (362,173) (362,173) (3755,202) 0 (755,202)	tion system operator Natural gas supply 11,942,780 29,198,710 0 (24,349,422) (2,139,484) (150) (745,579) (70,444) (1,295,837) (26,829) (2,774,606) (7,014) (717,989) (34) (7,673,495) (104,471) 67,633 2 0 0 4,336,918 4,744,819 0 0 (362,173) (89) (362,173) (89) 3,974,745 4,744,730 (755,202) (901,499) 0 0 (755,202) (901,499)	tion system operator Natural gas supply distribution system 11,942,780 29,198,710 612,334 0 (24,349,422) 0 (2,139,484) (150) (377,462) (745,579) (70,444) (21,346) (1,295,837) (26,829) (141,772) (2,774,606) (7,014) (31,357) (717,989) (34) (795) (7,673,495) (104,471) (572,732) 67,633 2 0 0 0 0 4,336,918 4,744,819 39,602 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 (362,173) (89) (2,838) 3,974,745 4,744,730 36,764 (755,202) (901,499) (6,985) 0 0 0 0 0 0 <td>tion system operator Natural gas supply distribution system Heat generation 11,942,780 29,198,710 612,334 3,676,906 0 (24,349,422) 0 (3,123) (2,139,484) (150) (377,462) (2,085,593) (745,579) (70,444) (21,346) (415,119) (1,295,837) (26,829) (141,772) (966,934) (2,774,606) (7,014) (31,357) (547,831) (717,989) (34) (795) (195,474) (7,673,495) (104,471) (572,732) (4,210,951) 67,633 2 0 22,376 0 0 0 0 4,336,918 4,744,819 39,602 (514,792) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0</td> <td>tion system operator Natural gas supply distribution system Heat generation Heat distribution 11,942,780 29,198,710 612,334 3,676,906 2,045,188 0 (24,349,422) 0 (3,123) (91,540) (2,139,484) (150) (377,462) (2,085,593) (440,171) (745,579) (70,444) (21,346) (415,119) (188,418) (1,295,837) (26,829) (141,772) (966,934) (926,765) (2,774,606) (7,014) (31,357) (547,831) (621,497) (717,989) (34) (795) (195,474) (45,874) (7,673,495) (104,471) (572,732) (4,210,951) (2,222,725) 67,633 2 0 22,376 36,658 0 0 0 0 0 4,336,918 4,744,819 39,602 (514,792) (232,419) 0 0 0 0 0 0 (362,173) (89) (2,838) (39,162)</td>	tion system operator Natural gas supply distribution system Heat generation 11,942,780 29,198,710 612,334 3,676,906 0 (24,349,422) 0 (3,123) (2,139,484) (150) (377,462) (2,085,593) (745,579) (70,444) (21,346) (415,119) (1,295,837) (26,829) (141,772) (966,934) (2,774,606) (7,014) (31,357) (547,831) (717,989) (34) (795) (195,474) (7,673,495) (104,471) (572,732) (4,210,951) 67,633 2 0 22,376 0 0 0 0 4,336,918 4,744,819 39,602 (514,792) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	tion system operator Natural gas supply distribution system Heat generation Heat distribution 11,942,780 29,198,710 612,334 3,676,906 2,045,188 0 (24,349,422) 0 (3,123) (91,540) (2,139,484) (150) (377,462) (2,085,593) (440,171) (745,579) (70,444) (21,346) (415,119) (188,418) (1,295,837) (26,829) (141,772) (966,934) (926,765) (2,774,606) (7,014) (31,357) (547,831) (621,497) (717,989) (34) (795) (195,474) (45,874) (7,673,495) (104,471) (572,732) (4,210,951) (2,222,725) 67,633 2 0 22,376 36,658 0 0 0 0 0 4,336,918 4,744,819 39,602 (514,792) (232,419) 0 0 0 0 0 0 (362,173) (89) (2,838) (39,162)

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		Closed electricity distri-	Municipal wastewater and run-off rainwater		
Electricity poduction	Electricity supply	bution system	treatment	Other activities	Total
2,104,738	215,387,357	3,903,616	2,938,091	2,066,814,408	2,338,624,128
0	(82,341,920)	0	(1,277)	(1,951,318,118)	(2,058,105,400)
(892,409)	(1,841)	(1,358,456)	(432,930)	(16,057,620)	(23,786,116)
(219,274)	(890,338)	(244,640)	(521,204)	(107,087,420)	(110,403,782)
(175,085)	(474,682)	(1,007,998)	(587,363)	(69,070,874)	(74,674,139)
(364,014)	(61,690)	(663,455)	(521,961)	(41,607,802)	(47,201,227)
(59,536)	(130,564,051)	(112,686)	(101,122)	115,105,370	(16,692,191)
(1,710,318)	(131,992,602)	(3,387,235)	(2,164,580)	(118,718,346)	(272,757,455)
0	18	12,737	465	103,767,691	103,907,580
0	0	0	0	(76,308,909)	(76,308,909)
394,420	1,052,853	529,118	772,699	24,236,726	35,359,944
0	0	0	0	3,600,678	3,600,678
0	0	0	0	22,700,432	22,700,432
(25,653)	(1,986)	(100,253)	(37,890)	(29,340,070)	(29,991,565)
(25,653)	(1,986)	(100,253)	(37,890)	(6,639,638)	(7,291,133)
368,767	1,050,867	428,865	734,809	21,197,766	31,669,489
(70,066)	(199,665)	(81,484)	(139,614)	(853,806)	(2,843,435)
0	0	0	0	67,462	67,462
(70,066)	(199,665)	(81,484)	(139,614)	(786,344)	(2,775,973)
298,701	851,202	347,381	595,195	20,411,422	28,893,516

11.3.-2 Statement of financial position by activity

Total assets	65,325,716	37,902,117	757,421	9,713,017	10,411,214	
	22,893,263	37,893,691	427,326	5,263,895	1,061,290	
Cash and cash equivalents	0	0	0	0	0	
Prepayments and other assets	0	0	0	0	0	
Financial assets at fair value through profit or loss	0	0	0	0	0	
Corporate income tax assets	0	0	0	0	0	
Operating receivables	22,893,263	37,893,691	427,326	5,263,895	1,061,290	
Financial receivables	0	0	0	0	0	
Contract assets	0	0	0	0	0	
Inventories	0	0	0	0	0	
Current assets						
	42,432,453	8,426	330,095	4,449,122	9,349,924	
Deferred tax assets	0	0	0	0	0	
Operating receivables	0	0	0	0	0	
Financial receivables	0	0	0	0	0	
Financial assets at fair value through other comprehensive income	0	0	0	0	0	
Investments in associates	0	0	0	0	0	
Investments in jointly controlled entities	0	0	0	0	0	
Investments in subsidiaries	0	0	0	0	0	
Investment property	0	0	0	30,226	0	
Property, plant and equipment	527,693	979	330,095	2,384,854	3,188,989	
Intangible assets	41,904,760	7,447	0	2,034,042	6,160,935	
Non-current (long-term) assets						
ASSETS						
(v EUR)	Natural gas distribu- tion system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution	
	National man distribut		Olara din about man			

Electricity production	Electricity supply	Closed electricity distri- bution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
0	65,276	26,313	4,233,594	137,818,078	192,250,445
2,788,244	8,672	12,268,213	208,483	357,718,882	379,425,104
0	0	0	0	13,521,656	13,551,882
0	0	0	0	351,013,627	351,013,627
0	0	0	0	233,000	233,000
0	0	0	0	29,185,477	29,185,477
0	0	0	0	2,117,914	2,117,914
0	0	0	0	58,124,422	58,124,422
0	0	0	0	10,542,414	10,542,414
0	0	0	0	6,912,005	6,912,005
2,788,244	73,948	12,294,526	4,442,077	967,187,475	1,043,356,290
0	0	0	0	87,530,630	87,530,630
0	0	0	0	3,276,761	3,276,761
0	0	0	0	22,247,726	22,247,726
172,055	97,705,977	8,107,719	571,710	63,621,950	237,718,876
0	0	0	0	6,317,590	6,317,590
0	0	0	0	11,262,235	11,262,235
0	0	0	0	27,371,876	27,371,876
0	0	0	0	44,670,525	44,670,525
172,055	97,705,977	8,107,719	571,710	266,299,293	440,396,219
2,960,299	97,779,925	20,402,245	5,013,787	1,233,486,768	1,483,752,509

(FUD)	Natural gas distribu-		Closed natural gas			
(in EUR)	tion system operator	Natural gas supply	distribution system	Heat generation	Heat distribution	
EQUITY AND LIABILITIES						
Equity attributable to owners of the controlling con						
Called-up capital	16,544,318	2,569,303	(2,474)	3,597,624	1,000,013	
Capital surplus	16,544,318	2,569,303	(2,474)	3,597,624	1,000,013	
Legal reserves	0	0	0	0	0	
Reserves for own shares	0	0	0	0	0	
Own shares	0	0	0	0	0	
Other revenue reserves	0	0	0	0	0	
Fair value reserve	0	0	0	0	0	
Hedging reserve	0	0	0	0	0	
Retained earnings	3,219,545	3,843,231	29,779	(448,702)	(254,236)	
Total equity	36,308,181	8,981,837	24,831	6,746,546	1,745,790	
Non-current liabilities						
Provisions for employee post-employment and other						
long-term benefits	0	0	0	0	0	
Other provisions	0	0	0	0	0	
Long-term deferred revenue	27	1	0	122,553	289,043	
Financial liabilities	17,144,271	4,232	134,335	1,853,812	3,855,664	
Lease liabilities	5,399	199	0	0	0	
Operating liabilities	703,182	0	0	382	210	
	17,852,879	4,432	134,335	1,976,747	4,144,917	
Current liabilities						
Financial liabilities	4,286,068	1,058	33,584	463,453	963,916	
Lease liabilities	0	0	0	0	0	
Operating liabilities	6,266,051	28,611,821	532,596	449,377	3,505,341	
Corporate income tax liabilities	0	0	0	0	0	
Contract liabilities	16,453	15,956	0	0	302	
Other liabilities	596,084	287,013	32,075	76,894	50,948	
	11,164,656	28,915,848	598,255	989,724	4,520,507	
Total liabilities	29,017,535	28,920,280	732,590	2,966,471	8,665,424	
Total equity and liabilities	65,325,716	37,902,117	757,421	9,713,017	10,411,214	

.

Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
(2,658,811)	5,794,600	4,508,757	0	20,887,647	52,240,977
(2,658,811)	5,794,600	4,508,757	0	49,638,055	80,991,385
0	0	0	0	61,749,884	61,749,884
0	0	0	0	4,708,359	4,708,359
0	0	0	0	(2,604,670)	(2,604,670)
0	0	0	0	338,449,102	338,449,102
0	0	0	0	39,796,454	39,796,454
0	0	0	0	(3,796,881)	(3,796,881)
298,702	851,203	347,381	595,196	5,964,659	14,446,758
(5,018,920)	12,440,403	9,364,895	595,196	514,792,609	585,981,368
				0.000 704	0.000 =04
0	0	0	0	8,293,721	8,293,721
0	0	0	0	14,763,837	14,763,837
102,000	18	3,366	17	27,902,748	28,419,773
1,214,332	94,024	4,745,714	1,793,593	252,026,626	282,866,603
0	1,745	0	939	27,600,640	27,608,922
0	0	0	0	23,408	727,182
1,316,332	95,787	4,749,080	1,794,549	330,610,980	362,680,038
303,583	23,506	1,186,429	448,398	152,978,737	160,688,732
0	0	0	0	4,259,323	4,259,323
6,280,288	83,267,754	5,003,877	2,174,599	212,741,128	348,832,832
0	0	0	0	0	0
0	216,558	0	166	8,581,326	8,830,761
79,016	1,735,917	97,964	879	9,522,665	12,479,455
6,662,887	85,243,735	6,288,270	2,624,042	388,083,179	535,091,103
7,979,219	85,339,522	11,037,350	4,418,591	718,694,159	897,771,141
2,960,299	97,779,925	20,402,245	5,013,787	1,233,486,768	1,483,752,509

11.3.-3 Statement of cash flows by activity

(v EUR)	Natural gas distribu- tion system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution	
Cash flows from operating activities						
Net cash from (used in) operating activities	2.280.331	2.795	22.709	216.178	124.473	
Cash flows from investing activities						
Net cash from (used in) investing activities	(1.918.158)	(2.706)	(19.871)	(177.016)	(43.022)	
Cash flows from financing activities						
Net cash from (used in) financing activities	(362.173)	(89)	(2.838)	(39.162)	(81.451)	
Increase/(decrease) in cash and cash equivalents	0	0	0	0	0	
Changes in cash and cash equivalents						
At the beginning of the year	0	0	0	0	0	
Cash acquired through mergers by absorption	0	0	0	0	0	
Increase/(decrease)	0	0	0	0	0	
At the end of the year	0	0	0	0	0	

Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
(105.505)	(258.550)	1.624.188	476.042	108.692.040	113.074.701
131.158	260.536	(1.523.935)	(438.152)	(91.689.278)	(95.420.444)
(25.653)	(1.986)	(100.253)	(37.890)	9.987.661	9.336.166
0	0	0	0	26.990.423	26.990.423
0	0	0	0	17.680.102	17.680.102
0	0	0	0	0	0
0	0	0	0	26.990.423	26.990.423
0	0	0	0	44.670.525	44.670.525



The report below is the translation of auditor's report which relates exclusively to the official annual report prepared in XHTML format and issued in Slovenian language.

Report on compliance with the ESEF Regulation

To the management of Petrol d.d.

We performed a reasonable assurance engagement to verify the compliance of the separate and the consolidated financial statement(s) contained in the annual report of Petrol d.d. ("Company") for the financial year ended 31 December 2020 with the provisions of Commission Delegated Regulation (EU) 2019/815 on a European single electronic format relating to financial statements ("ESEF Regulation"), relevant for the year 2020.

Responsibility of the management

Management of the Company is responsible for the preparation of the separate and the consolidated financial statements in accordance with the provisions of ESEF Regulation, relevant for the year 2020. Management the Company is responsible for, among other things:

- design, implementation and maintenance of an internal control system relevant to the application of the requirements of the ESEF Regulation,
- the preparation of all financial statements contained in the annual report in the applicable XHTML format and
- · selection and use of XBRL labels as required by the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express a conclusion, on the basis of the audit evidence obtained, whether the separate and the consolidated financial statements included in the annual report comply with the requirements of the ESEF Regulation relevant for the year 2020 in all material respects. We performed this reasonable assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (revised) Assurance Engagements, which are not an audit or review of historical financial information ("ISAE 3000"). The nature, timing and extent of procedures selected depend on the auditor's judgment. A reasonable level of assurance is a high level of assurance, however, it does not guarantee that a verification performed in accordance with the above standard will in all cases reveal any significant (non) material non-compliance with the requirements of the ESEF Regulation.

Our independence and quality management

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standards on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of the applicable law or regulation



Summary of work performed

As part of the selected procedures, we performed the following activities:

- · we have read the requirements of the ESEF Regulation, relevant for the year 2020,
- we got the understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and evaluated the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, design and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The goal of our procedures was to assess whether

- the separate and the consolidated financial statements, which are included in the annual report, have been prepared in the valid XHTML format,
- the data contained in the consolidated financial statements required by the ESEF Regulation have been tagged and all tagging meets the following requirements:
- · the XBRL markup language was used,
- the elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting significance have been used, unless an extension taxonomy element has been created in accordance with Annex IV of the ESEF Regulation,
- the mark-ups are in line with the common rules for tagging under the ESEF Regulation.

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

Conclusion

In our opinion, the separate and the consolidated financial statements of the Company for the year ended 31 December 2020 included in the annual report are in all material respects prepared in accordance with the requirements of the ESEF Regulation, relevant for the year 2020.

Other information

The separate and the consolidated financial statements presented in electronic format in accordance with the Regulation 2019/815 have been audited in accordance with the auditing rules. The auditor issued the report on 18.3.2021 and expressed an unqualified opinion.

Ljubljana, 18. marec 2021

Sanja Košir Nikašinović
Director, Certified auditor
Ernst & Young d.o.o.

Dunajska 111, Ljublana

Mateja Repušič Certified auditor

Revizija, poslovno svetovanje d.o.o., Ljubljana 3



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