

# Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2020



August 2020

**PETROL**



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**STATEMENT OF THE MANAGEMENT BOARD**

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, and Ika Krevzel Panić, Member of the Management Board/Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first six months of 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 first six months of 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;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first six months of 2020 contains a fair presentation of significant transactions with related entities, which has been prepared in accordance with International Financial Reporting Standards.

**Nada Drobne Popović**

President of the Management Board

**Matija Bitenc**

Member of the Management Board

**Jože Bajuk**

Member of the Management Board

**Ika Krevzel Panić**

Member of the Management Board and Worker Director

## INTRODUCTORY NOTES

The report on the operations of the Petrol Group and Petrol, d.d., Ljubljana, Dunajska 50, in the first six months of 2020 has been published in accordance with the Market in Financial Instruments Act, the Ljubljana Stock Exchange Rules, Guidelines on Disclosure for Listed Companies and other relevant legislation.

The figures and explanation of the operations are based on unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of Petrol d.d., Ljubljana for the first six months of 2020 prepared in compliance with the Companies Act and IAS 34 – Interim Financial Reporting.

Subsidiaries are included in the consolidated financial statements prepared in accordance with IFRS on the basis of the full consolidation method, while jointly controlled entities and associates are included on the basis of the equity method.

In accordance with IFRS, investments in subsidiaries, jointly controlled entities and associates are carried at historical cost in the separate financial statements.

The report on the operations in the first six months of 2020 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.eu>), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2020 at its meeting held on 27 August 2020.

**Table 1: Profile of the parent company Petrol d.d., Ljubljana**

Company name	<b>Petrol, slovenska energetska družba, d.d., Ljubljana</b>
Abbreviated company name	<b>Petrol d.d., Ljubljana</b>
Registered office	<b>Dunajska cesta 50, 1000 Ljubljana</b>
Telephone	<b>+386 1 47 14 234</b>
Website	<b><a href="http://www.petrol.si">http://www.petrol.si</a>, <a href="http://www.petrol.eu">http://www.petrol.eu</a></b>
Activity code	<b>47.301</b>
Company registration number	<b>5025796000</b>
VAT ID	<b>SI 80267432</b>
Share capital	<b>EUR 52.24 million</b>
Number of shares	<b>2,086,301</b>
President of the Management Board	<b>Nada Drobne Popović</b>
Members of the Management Board	<b>Matija Bitenc, Jože Bajuk, Ika Krevzel Panič (worker director)</b>
President of the Supervisory Board	<b>Sašo Berger</b>

To present its business performance, the Petrol Group also uses alternative performance measures (APMs) as defined by ESMA. The APM set remained unchanged in the first six months of 2020 compared to the same period of 2019. The APMs we have chosen provide additional information about the Petrol Group's performance.

Alternative performance measure	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 7.4 thousand in the period from January to June 2020 and EUR 149.1 thousand in the period from January to June 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.	EBITDA indicates business performance and is the primary source for ensuring returns to shareholders.
Net debt/EBITDA	Net debt = Current and non-current financial liabilities + Current and non-current lease liabilities – Cash and cash equivalents Ratio = Net debt/EBITDA (annual figures produced based on operating scenarios, see section Impact of the pandemic on the Petrol Group's operations)	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.
Net investments	Net investments = Investments in fixed assets (EUR 22.6 million in the period from January to June 2020) + Non-current investments (EUR 12.5 million in the period from January to June 2020) – Disposal of fixed assets (EUR 1.6 million in the period from January to June 2020)	The information about investments reflects the direction of the Petrol Group's development.

# HIGHLIGHTS

## The Petrol Group's significant performance indicators

The Petrol Group	Unit	I-VI 2020	I-VI 2019	Index 2020 / 2019
Sales revenues	mio EUR	1,533.0	2,124.8	72
Adjusted gross profit <sup>1</sup>	mio EUR	178.8	218.2	82
Operating profit	mio EUR	27.4	49.3	56
Net profit	mio EUR	20.6	40.7	51
EBITDA <sup>1</sup>	mio EUR	64.3	82.1	78
Non-current (long-term) assets as at period end	mio EUR	970.7	933.9	104
Earnings per share	EUR	10.0	19.8	51
Net debt / EBITDA <sup>1,2</sup>		between 1.6 and 1.8	1.8	

<sup>1</sup> APM

<sup>2</sup> EBITDA calculated on an annual level. EBITDA for 2020 - calculated according to scenarios (Impact of the pandemic on the Petrol Group's operations)

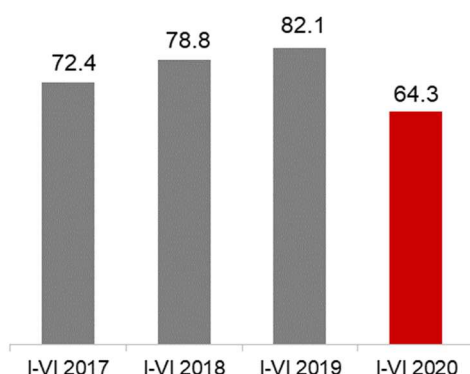
The Petrol Group	Unit	I-VI 2020	I-VI 2019	Index 2020 / 2019
Volume of petroleum products sold	thousand tons	1,510.2	1,851.3	82
Volume of liquefied petroleum gas sold	thousand tons	76.6	90.1	85
Volume of natural gas sold	TWh	12.3	10.0	123
Revenue from the sale of merchandise	EUR million	230.5	236.7	97
Number of service stations as at period end <sup>1</sup>		510	509	100

<sup>1</sup> Number of service stations for the year 2019 as at 31 December 2019.

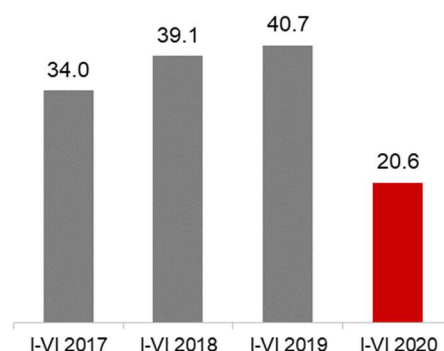
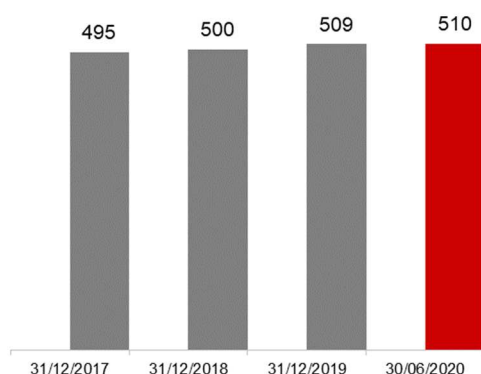


**Figure 1: EBITDA of the Petrol Group**

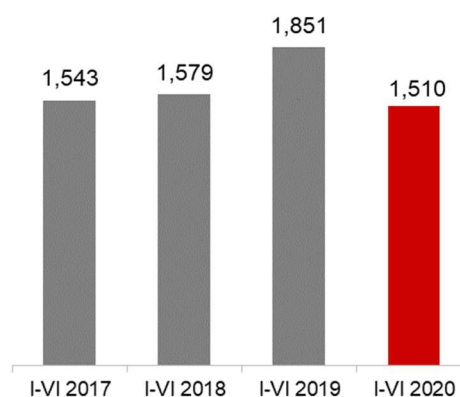
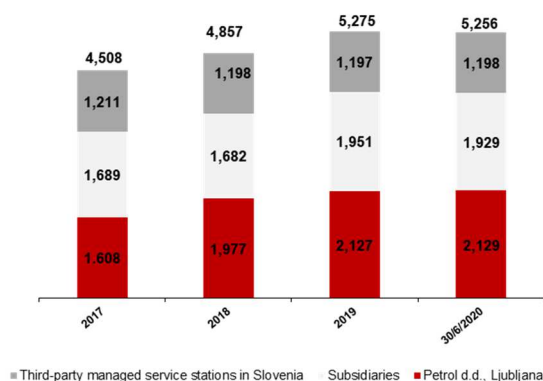
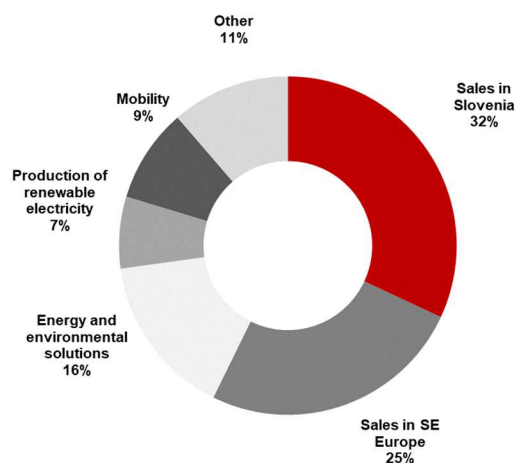
EUR million


**Figure 2: Net profit or loss of the Petrol Group**

EUR million


**Figure 3: Increase in the number of service stations of the Petrol Group**

**Figure 4: Volume of petroleum products sold by the Petrol Group**

000 tons


**Figure 5: Number of employees in the Petrol Group**

**Figure 6: Breakdown of the Petrol Group's investments in the first six months of 2020**


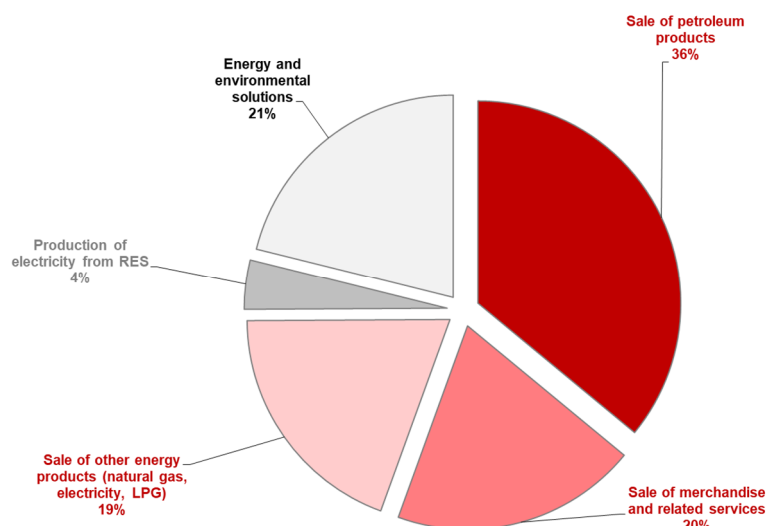
# BUSINESS REPORT

## Operations of the Petrol Group

The Petrol Group operates in a competitive environment influenced by oil price fluctuations, US dollar exchange rate, global and domestic economic developments, and national laws governing the pricing of energy products. In January and February 2020, the operations in all of the Petrol Group's markets continued without disruption. In March 2020, however, the business environment deteriorated considerably in the Petrol Group's markets as the pandemic began. 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, have a long-term focus so that the Petrol Group can operate without interruption in a very different business environment. Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply (for more information, see section Impact of the pandemic on the Petrol Group's operations).

The Petrol Group's sales revenue for the first six months of 2020 stood at EUR 1.5 billion, a year-on-year decrease of 28 percent. This was mainly due to lower prices and a drop in petroleum product sales resulting from movement restrictions introduced by governments to contain the pandemic and from the economic downturn the pandemic had caused. Adjusted gross profit stood at EUR 178.8 million, which was 18 percent less than in the first six months of 2019. EBITDA totalled EUR 64.3 million or 22 percent less than in the first six months of 2019.

**Figure 7: EBITDA broken down by activity**



Net profit for the first six months of 2020 totalled EUR 20.6 million and was down 49 percent year-on-year.

In the first six months of 2020, the Petrol Group sold 1.5 million tons of petroleum products, a year-on-year decrease of 18 percent (as a result of the pandemic and lower sales to the Agency of the Republic of Slovenia for Commodity Reserves). In Slovenia, the six-month sales of petroleum products stood at 641.2 thousand tons, accounting for 42 percent of the Petrol

Group's total sales. In the same period, the Group sold 380.8 thousand tons of petroleum products in SE Europe markets, representing 25 percent of the Petrol Group's total sales, and 488.2 thousand tons in EU markets, which represented 32 percent of the Group's total sales. At the end of June 2020, the Petrol Group's retail network consisted of 510 service stations, of which 318 were in Slovenia, 110 in Croatia, 42 in Bosnia and Herzegovina, 15 in Serbia, 15 in Montenegro and 10 in Kosovo.

In the first six months of 2020, EUR 230.5 million was generated in revenue from the sale of merchandise and related services, a decrease of 3 percent compared to the same period of the previous year.

In the first six months of 2020, the sales of natural gas stood at 12.3 TWh, a year-on-year increase of 23 percent.

What follows is a detailed presentation of the Petrol Group's operations in the first six months of 2020 broken down by type of activity:

- A. Sales, consisting of petroleum product sales, liquefied petroleum gas sales, natural gas sales and trading, electricity sales and trading, merchandise sales and sale of services
- B. Energy and environmental solutions, consisting of energy solutions for the public and commercial sector, energy solutions for the industry and apartment buildings, and natural gas distribution
- C. Production of renewable electricity
- D. Mobility

## **A. SALES**

In the first six months of 2020, the Petrol Group's revenue generated in the sales segment stood at EUR 1.5 billion.

### **Sales of petroleum products**

In the first six months of 2020, the Petrol Group sold 1.5 million tons of petroleum products, a year-on-year decrease of 18 percent. In all of the Petrol Group's markets this was mainly the result of movement restrictions introduced by governments to contain the pandemic and the economic downturn the pandemic had caused. In the period concerned, the Petrol Group did, however, perform very well with regard to the sales of extra light heating oil, thanks to affordable prices.

In Slovenia, 641.2 thousand tons of petroleum products were sold in the first six months of 2020, a year-on-year decrease of 24 percent.

In SE Europe markets, 380.8 thousand tons of petroleum products were sold in the first six months of 2020, a year-on-year decrease of 2 percent.

In EU markets, 488.2 thousand tons of petroleum products were sold in the first six months of 2020, a year-on-year decrease of 21 percent. The most important item sold in EU markets is diesel fuel.

## **Key impacts on operations**

### **Fuel pricing in Slovenia**

The prices of petrol and diesel fuel at motorway and expressway service stations have been liberalised and are determined by the market, while the prices of petrol and diesel fuel at other service stations remain regulated.

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 shall remain in force until 30 September 2020. The pricing method for regulated petroleum products remains unchanged also under the new decree.

The model-based margin is still government-regulated and stands at EUR 0.08701 per litre of NMB-95 petrol and EUR 0.08158 per litre of diesel fuel.

Since 9 April 2016, the prices of the 98-octane and higher-octane petrol and of extra light heating oil have been liberalised and determined by the market.

Slovenia's gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amounted to 50 percent of the average gross margin in the EU countries (44 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 42 percent (37 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platt's and Oil Bulletin data).

### **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. On 9 April 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 transshipment, 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.

## **Fuel pricing in Kosovo**

In Kosovo, retail and wholesale prices of petroleum products are not government-regulated. Only in the case of sales of petroleum products to government institutions and state-owned companies are prices set in accordance with a prescribed methodology, which takes into account average monthly market prices, changes in the exchange rate of the euro and the US dollar, logistics costs and a maximum margin. These prices represent an unofficial basis for retail prices, which change according to market-based fuel prices.

## **Changes in oil and petroleum product prices in the world market**

The average price of Brent Dated North Sea crude oil stood at USD 40.1 per barrel in the first six months of 2020 and was down 39 percent year-on-year whereas the average price in euros decreased by 38 percent year-on-year. In the period concerned, the price of Brent crude peaked on 6 January 2020, reaching USD 70.0 per barrel. Its lowest price was recorded on 21 April 2020 at USD 13.2 per barrel. The prices of petrol and middle distillates followed the same trends as crude oil prices.

**Figure 8: Changes in Brent Dated High oil price in the first six months of 2020 in USD/barrel**



SOURCE: Petrol, 2020

**Figure 9: Changes in Brent Dated High oil price in the first six months of 2020 in EUR/barrel**



SOURCE: Petrol, 2020

Before the pandemic, oil prices per barrel ranged from USD 50 to USD 70. The pandemic, however, which affected all major economies in the world, caused a decline in oil demand across the globe. At the same time, excess supply began to emerge, leading to a significant drop in the prices of oil. In May and June, the prices recovered but they still remain considerably lower than in last year. Future oil price movements will continue to depend largely on OPEC's oil output agreements, relations between the United States and Iran and between the United States and China, and also on recovery expectations following the pandemic, US and EU oil stocks figures and demand in China.

## **Changes in the US dollar to the euro exchange rate**

The US dollar to the euro exchange rate ranged between 1.07 and 1.15 US dollars per euro in the first six months of 2020. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.1 US dollars per euro in the period concerned.

## **Sales of merchandise and related services**

Merchandise sales consist of sales of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go and other merchandise. The Petrol Group generated EUR 230.5 million in revenue from the sale of merchandise and related services in the first six months of 2020, a decrease of 3 percent compared to the same period of the previous year.

In Slovenia, EUR 191.3 million was generated in revenue from the sale of merchandise and related services in the first six months of 2020, a decrease of 5 percent compared to the same period of the previous year. The range at Petrol's points of sale is modified and expanded as we try to accommodate the needs of our service station customers by quickly adapting the range.

In SE Europe markets, EUR 39.2 million was generated in revenue from the sale of merchandise in the first six months of 2020, an increase of 9 percent compared to the same period of the previous year. The best results were achieved in tobacco and food sales.

## **Sales of services**

Services consist of revenue from storage and petroleum-product handling services, renting of business premises and hospitality facilities, transport, carwash services, revenue from Petrol Club cards, and other services. In the first six months of 2020, the Petrol Group generated EUR 17.3 million in revenue from the services related to oil and merchandise sales, down 4 percent compared to the same period of 2019.

## **Sales of liquefied petroleum gas**

In the first six months of 2020, the Petrol Group sold 76.6 thousand tons of liquefied petroleum gas, a year-on-year decrease of 15 percent.

At the end of June 2020, the Petrol Group operated 5 LPG supply concessions in Slovenia. In addition, the company Petrol d.o.o. has LPG supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks and at service stations as autogas.

## **Sales of natural gas**

In the first six months of 2020, the Petrol Group sold 12.3 TWh of natural gas, a year-on-year increase of 23 percent.



## **Electricity sales and trading**

The Petrol Group has positioned itself as an important electricity market player. It set up a complete infrastructure for wholesale electricity trading in Slovenia, EU countries and SE Europe countries. Electricity sales to end users (businesses and households) already in place in Slovenia are now being expanded to SE Europe.

In the first six months of 2020, the Petrol Group sold 10.8 TWh of electricity, a year-on-year decrease of 12 percent.

## **B. ENERGY AND ENVIRONMENTAL SOLUTIONS**

In the first six months of 2020, the Petrol Group generated EUR 30.7 million in revenue from the sale of energy and environmental solutions.

Energy and environmental solutions consist of an energy range offered in the following segments:

- energy solutions for the public and commercial sector (systems of energy and environmental management of buildings in the public and commercial sector, district heating and district energy systems, water supply systems, efficient lighting systems),
- energy solutions for the industry and apartment buildings,
- natural gas distribution.

Long-term contract-based supply of energy and contractually guaranteed energy and water savings (performance contracting) are the most common project implementation models in the public sector, the commercial sector and in industry. These models offer a significant advantage to the customers in that Petrol assumes all technical and economic risks of project implementation and management, provides the necessary funds to carry out the measures, and supplies customers with the required energy of suitable quality, guaranteeing savings in the use of energy products compared to the previous situation.

The projects of long-term heat supply, energy renovation of buildings and the reduction of electricity consumption and water losses are largely carried out using the public-private partnership model.

In the field of industry, we have been developing various business models tailored to the needs of the customer and the customer's technological processes. Our experts prepare solutions for steam and heat, natural gas, industrial gases and compressed air, water, cooling systems and industrial waste treatment plants. We are setting up projects in the field of efficient lighting in industrial buildings. Industrial customers are included in our virtual power plant.

In addition to industrial users, we are developing solutions for commonhold unit owners and managers in the field of energy-saving renovation, control and management of boiler rooms and the installation of heat cost allocators in apartment buildings.

In the first six months of 2020, the Petrol Group sold 79.9 thousand MWh of heat, a year-on-year decrease of 14 percent.

At the end of June 2020, the Group operated 30 natural gas supply concessions in Slovenia. In Serbia, it supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as to three Belgrade municipalities. At the end of 2018, the Petrol Group also established itself in Croatia where its company Zagorski metalac d.o.o. distributes natural gas in certain municipalities of the Zagorje-Krapina County and the Zagreb County.

In the first six months of 2020, the Petrol Group distributed 642.5 thousand MWh of natural gas, a year-on-year increase of 8 percent.

### **C. PRODUCTION OF RENEWABLE ELECTRICITY**

In the first six months of 2020, the Petrol Group generated EUR 4.0 million in sales revenue in the area of renewable electricity production.

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.

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 four small hydroelectric plants on rivers Jezernica and Kozica as well as at the small hydroelectric power plant Jeleč. In Croatia, we produce wind electricity at Glunča power plant. In 2020 the construction of 30 MW Ljubač wind power plant was launched.

In the first six months of 2020, the Petrol Group generated EUR 49.2 thousand MWh of electricity.

### **D. MOBILITY**

- E-mobility – setting up, managing and maintaining infrastructure for the charging of electric vehicles, and provision of the charging service
- Mobility services – “vehicle as a service”, fleet management, corporate car sharing and short-term leasing, and door-to-door services provided by the subsidiary ATET d.o.o.

As part of e-mobility, we provide services related to the setting up, management and maintenance of infrastructure for the charging of electric vehicles as well as services linked to the very performance and billing of the charging service, and also customer care. These

services and solutions are offered also to companies and municipalities. At the end of June 2020, we operated 122 standard and 46 fast charging points in Slovenia and Croatia, with another fast charging point also in operation in Montenegro. In the first six months of 2020, slightly more than 292 MWh of electricity were delivered at the charging points. A contract was signed with the City of Zagreb to set up 54 new charging points in the city as part of the Urban-E project.

In the area of mobility services, we develop services related to new concepts and types of mobility such as "vehicle as a service". Following a successful acquisition of ATET d.o.o., our range of market services now also includes short-term leasing of vehicles and door-to-door services. The fleet management service is also being developed.

In 2020 we continue our work on all three international projects, for which EU grants were received.

For Petrol's presence as a leading company in the field of e-mobility and mobility services it is also of particular importance to build a reputation of a sustainability-oriented company. That is why considerable attention is given to participating in a series of domestic and international projects to the greatest extent possible. For a company with a background mainly in petroleum product sales, this is a significant and important challenge.

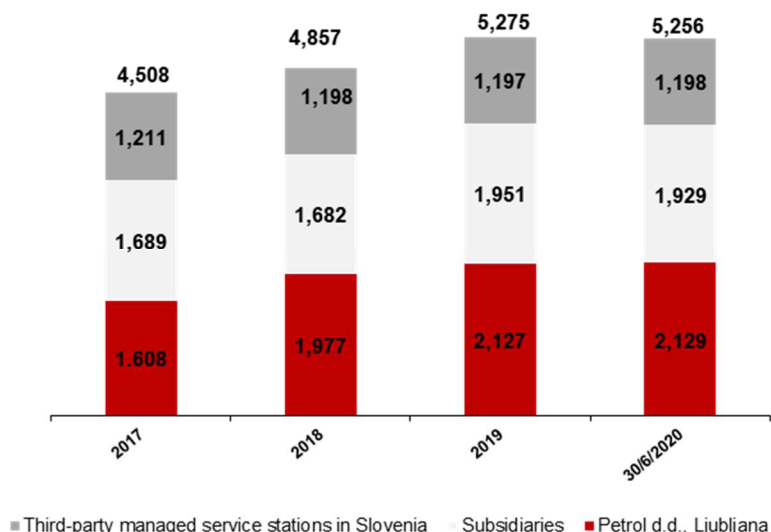
## **Sustainable development**

Sustainability principles have a prominent place in the Petrol Group's development strategy. Our aim is to do business in such a way that it positively affects the economic and social fabric, while striving to protect the environment.

### **Employees**

On 30 June 2020, the Petrol Group had 5,256 employees, of which 35 percent worked for subsidiary companies abroad. The number of employees decreased by 19 compared to the end of 2019.

**Figure 10: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2017 – 2020**



### **Employee structure**

At the end of June 2020, the average age of the Petrol Group employees was 39 years. 59 percent of employees were male and 41 percent female.

The educational structure of the Petrol Group has been improving over the years. This is a result of employee training on the one hand and HR policy on the other. Newly hired employees with higher education thus improve the educational structure, while at the same time employees with lower education leave the company. The Petrol Group has a keen interest in training its employees, as knowledge represents one of Petrol's key competitive advantages.

### **Training**

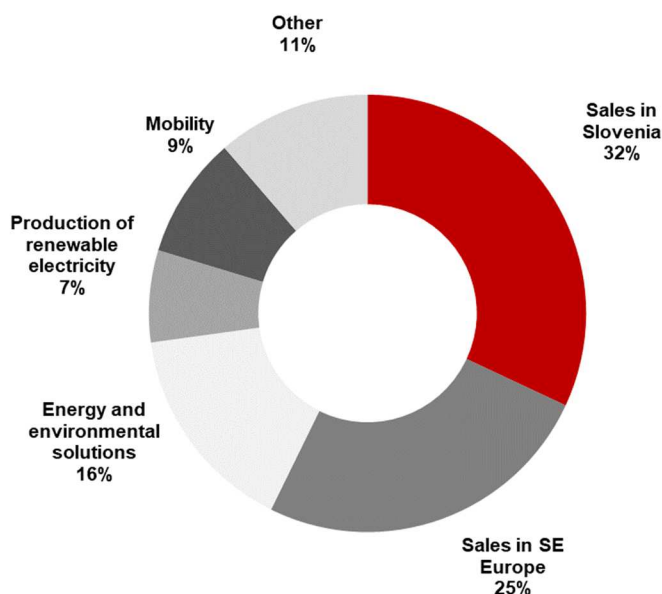
In the first six months of 2020, the Petrol Group provided close to 35 thousand teaching hours of training. An internal training system has been set up within the Petrol Group to provide training to all employees in a systematic and comprehensive manner. Due to the pandemic,

most training is provided remotely as online courses or webinars, the exception being legally required training which is carried out live in accordance with the guidelines of the National Institute of Public Health and internal recommendations prepared by Petrol's specialist services. We also carried a survey of employee well-being during the pandemic and drew up improvement action plans based on its results.

## **Investments**

In the first six months of 2020, net investments in property, plant and equipment, intangible assets and long-term investments stood at EUR 33.5 million (as opposed to EUR 30.9 million in the first six months of 2019). Out of the above amount, 32 percent was allocated to sales in Slovenia, 25 percent to sales in SE Europe, 16 percent to energy and environmental solutions, 7 percent to renewable electricity production, 9 percent to mobility, and 11 percent to the upgrading of information and other infrastructure.

**Figure 11: Breakdown of the Petrol Group's investments in the first six months of 2020**



## **The quality management system**

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 SIST ISO 27001 information security system.

**Table 2: Overview of certificates and laboratory 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, AEO*** RC*, FSC**
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, AEO*** RC*, FSC**
Petrol d.o.o.	ISO 9001: 2015	ISO 14001: 2015	/	/	ADR/RID/ADN -I-PTR****
Petrol Geoterm d.o.o.	ISO 9001: 2015	/	/	/	/
Beogas d.o.o.	ISO 9001: 2015	/	/	/	/
Petrol d.o.o., Beograd	ISO 9001: 2008	ISO 14001: 2004	/	/	OHSAS 18001

\*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.

\*\*\*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, appropriate records to demonstrate compliance with customs requirements, a reliable system of keeping commercial and transport records for control purposes, and proof of 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.

In the first six months of 2020, regular activities related to the maintenance of the quality management systems were underway. A surveillance audit was carried out to maintain the ISCC certificate. We also prepared a report to extend the Responsible Care certificate, which is now valid until January 2021.

In December 2019, Petrol Laboratory received a monitoring visit by SA in connection with its quality management system certified to the SIST EN ISO/IEC 17025 standard. The activities were completed in January 2020. The Laboratory made the transition to a new edition of the SIST EN ISO/IEC 17025: 2017 standard. Currently, Petrol Laboratory has 54 accredited test methods.

At the company Petrol d.o.o., Beograd, an ISO 9001, ISO 14001 and ISO 18001 certification audit was successfully completed in respect of the process Sale of Industrial Equipment, Engineering and Project Management.

## **Social responsibility**

Caring for social and environmental issues has been part of the Petrol's operations for a number of years. The demands and challenges of our time are addressed based on a long-term growth strategy and a strong awareness that supporting the environment in which we operate significantly affects our operations and development. For many years we have been helping wider social and local communities achieve a dynamic lifestyle and better quality of

life. Our responsible social attitude is demonstrated through the support we provide to a number of sports, arts, humanitarian and environmental projects. In the Petrol Group, social responsibility is perceived as a lasting commitment to work together with the environment in which we operate.

## **Risk management**

The Petrol Group manages risks using a comprehensive risk management system, making sure that the Company's key risks are identified, assessed, managed, utilised and monitored. In doing that, we aim to develop a risk-awareness culture to ensure better control over the risks and better information for decision-making at all levels of the Petrol Group's operation. 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.

In its 2018 – 2022 strategy, the Petrol Group has adjusted its business objectives according to its risk management policies and its risk appetite.

In the first six months of the year, the main challenge was managing and mitigating the negative effects of the pandemic, with most risk management activities also focusing on this issue. As a first step, measures were taken to provide for the safety and health of employees and customers as well as to ensure a continued supply to businesses. Later on our priorities included ensuring sufficient liquidity of the Petrol Group, as a result of which major investments were suspended when deemed feasible and reasonable. Additional attention was given to credit risk management as an increased risk of defaults by our customers was to be expected. A report on the impact of the coronavirus (COVID-19) pandemic on the Petrol Group's operations and risk management is available in section Impact of the pandemic on the Petrol Group's operations.

Petrol's risk model comprises 20 risk categories that are divided into two groups:

- Environment risks and
- Performance risks.

According to the results of the 2019 risk assessment, the most relevant and probable risks comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk.

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.

### **Price and volumetric risk and foreign exchange risk**

The Petrol Group's business model includes energy products, such as petroleum products, natural gas, electricity and liquefied petroleum gas, exposing the Petrol 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 Petrol 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 Petrol Group monitors open foreign exchange positions and decides how to manage them on a monthly basis.

### **Credit risk**

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 keep actively pursuing the collection of receivables. We refine procedures for approving the amount of exposure (limits) to individual buyers and expand the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, letters of credit, collaterals, corporate guarantees, securities, mortgages, pledges). At the beginning of 2020, the Petrol Group introduced a new insurance scheme for keeping track of the Petrol Group's needs in the field of credit risk insurance. A great deal of work is put into the management of receivables from large 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 age, region and organisational unit as well as by quality, level of insurance and individual customer. The exposure of customers in the Petrol Group's portfolio to the credit risk is monitored at a global level. 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. At 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 the indicators of increased risk 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. 72 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 86 percent).

### **Liquidity risk**

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 the first six months of 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 through which we will continue to ensure appropriate liquidity structure of the Petrol Group in accordance with S&P criteria also in the second half of the year.

To maintain liquidity, we also began to actively prepare 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 risk**

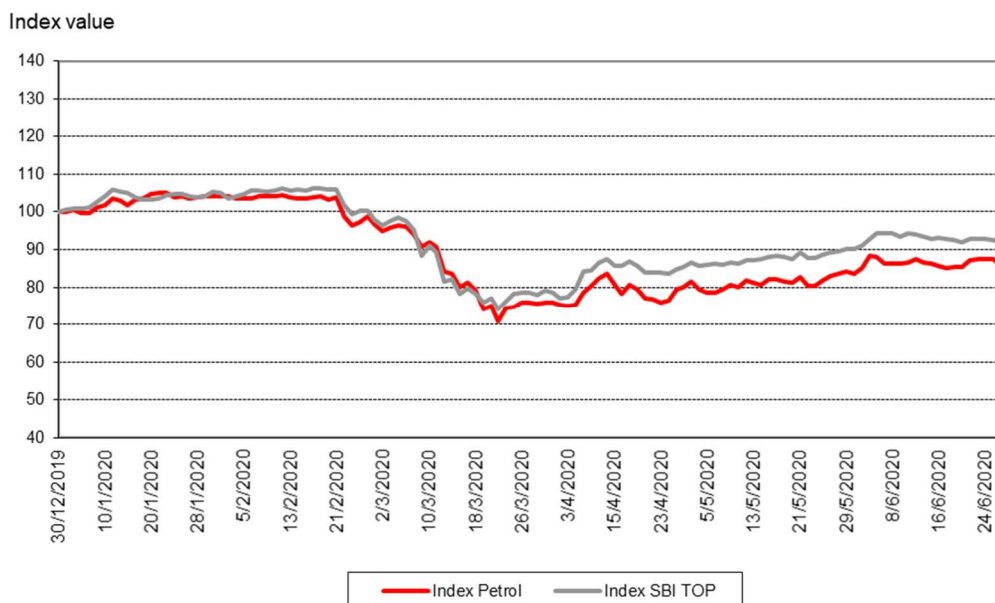
The Petrol Group regularly monitors its exposure to the interest rate risk. 91.1 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rates in the first six months of 2020 were similar to the ones at the end of 2019. EURIBOR is still historically low (negative). It is a fact, however, that EURIBOR and all interest rates have been rising since the beginning of the pandemic, and the expectations that interest rates will increase have proved to have a very short-term effect as variable interest rate stabilised close to the levels from previous years by the end of the first half of the year.

To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. In the first six months of 2020, no additional interest rate hedging contracts were concluded. Nevertheless, all our long-term loans (other than revolving long-term credit lines) are hedged using interest rate swaps.

## **Petrol's shares**

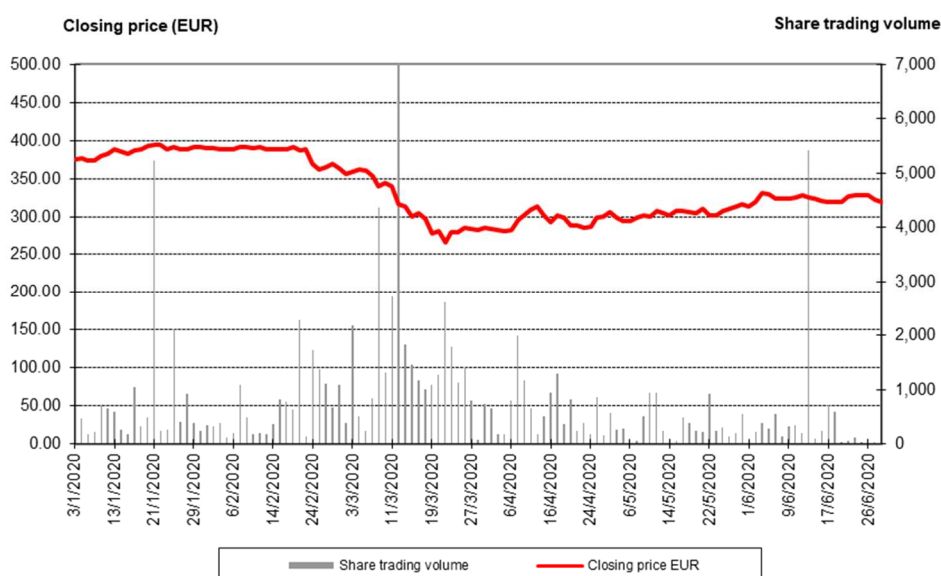
At the end of June 2020, share prices at the Ljubljana Stock Exchange were lower than at the end of 2019, which was the result of the coronavirus (COVID-19). This was also reflected in the SBITOP, the Slovene blue-chip index, which is used as a benchmark and provides information on changes in the prices of the most important and liquid shares traded on the regulated market. The index also comprises Petrol's shares. The SBITOP stood at 849.82 as at the end of June 2020 and was down 8.2 percent relative to the end of 2019 (926.10). During this period, the price of Petrol's shares decreased by 14.7 percent. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 31.7 million between January and June, the shares were ranked second among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 667.6 million as at 30 June 2020, the shares were ranked third and accounted for 10.4 percent of the total Slovene stock market capitalisation on the said date.

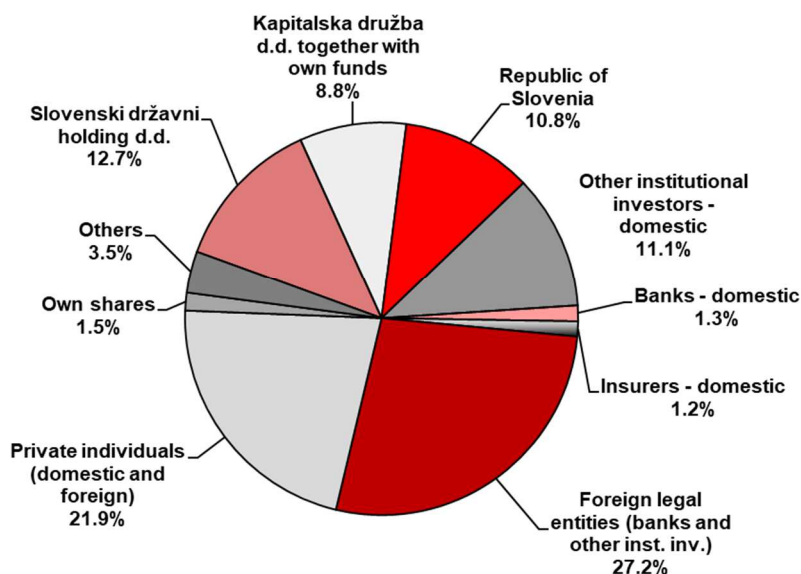
**Figure 12: Base index changes for Petrol d.d., Ljubljana's closing share price and the SBITOP index in the first six months of 2020 compared to the end of 2019**



In the first six months of 2020, the price of Petrol's shares ranged between EUR 266 and EUR 394 per share. Their average price for the period stood at EUR 334.28 and their price as at the end of June 2020 at EUR 320.00. The Petrol Group's earnings per share stood at EUR 10.00, with the book value per share amounting to EUR 392.95. Petrol d.d., Ljubljana had 22,383 shareholders as at 30 June 2020. At the end of June 2020, 571,650 shares or 27.4 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 0.4 percentage points.

**Figure 13: Closing price and the volume of trading in Petrol's shares in the first six months of 2020**



**Figure 14: Ownership structure of Petrol d.d., Ljubljana as at 30 June 2020**

**Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 June 2020 and 31 December 2019)**

	30.06.2020		31.12.2019	
	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding d.d.	264.516	12,7%	264.516	12,7%
Kapitalska družba d.d. together with own funds	183.181	8,8%	183.411	8,8%
Republic of Slovenia	225.699	10,8%	225.699	10,8%
Other institutional investors - domestic	232.140	11,1%	245.242	11,8%
Banks - domestic	27.223	1,3%	28.707	1,4%
Insurers - domestic	25.779	1,2%	25.779	1,2%
Foreign legal entities (banks and other inst. inv.)	568.221	27,2%	560.363	26,8%
Private individuals (domestic and foreign)	456.423	21,9%	449.100	21,5%
Own shares	30.723	1,5%	30.723	1,5%
Others	72.396	3,5%	72.761	3,5%
Total	2.086.301	100,0%	2.086.301	100,0%

**Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 June 2020**

	Shareholder	Address	No. of Shares	Share in %
1	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	277,391	13.30%
2	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	264,516	12.68%
3	REPUBLIKA SLOVENIJA	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 - FIDUCI	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	115,608	5.54%
6	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
7	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
8	PERSPEKTIVA FT D.O.O.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	36,262	1.74%
9	CITIBANK N.A. - FIDUCIARNI RAČUN	CITIBANK CENTRE, CANADA SQUARE, CANARY W, E14 5LB, LONDON, VELIKA BRITANJA	30,161	1.45%
10	NOVA KBM D.D.	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	25,985	1.25%

**Table 5: Shares owned by members of the Supervisory and Management Board as at 30 June 2020**

Name and Surname	Position	No. of shares	Share of equity
<b>Supervisory board</b>		<b>87</b>	<b>0,0042%</b>
<b>Internal members</b>		<b>0</b>	<b>0,0000%</b>
1. Zoran Gračner	Supervisory Board Member	0	0,0000%
2. Alen Mihelčič	Supervisory Board Member	0	0,0000%
3. Robert Ravnikar	Supervisory Board Member	0	0,0000%
<b>External members</b>		<b>87</b>	<b>0,0042%</b>
1. Sašo Berger	Supervisory Board President	0	0,0000%
2. Igo Gruden	Supervisory Board Vice-president	0	0,0000%
3. Sergij Goriup	Supervisory Board Member	5	0,0002%
4. Metod Podkrižnik	Supervisory Board Member	82	0,0039%
5. Mladen Kaliterna	Supervisory Board Member	0	0,0000%
<b>Management Board</b>		<b>4</b>	<b>0,0002%</b>
1. Nada Drobne Popović	Management Board President	4	0,0002%
2. Matija Bitenc	Management Board Member	0	0,0000%
3. Jože Bajuk	Management Board Member	0	0,0000%
4. Ika Krevzel Panič	Management Board Member/Worker Director	0	0,0000%

## Contingent increase in share capital

In the period up to 30 June 2020, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in share capital.

## Dividends

In accordance with a resolution of the 31<sup>st</sup> General Meeting held on 23 July 2020, Petrol d.d., Ljubljana paid 2019 gross dividends of EUR 22.00 per share in August 2020.

The initial convening of the 31<sup>st</sup> General Meeting, which was to be held on 23 April 2020 in accordance with the financial calendar and at which the shareholders would also decide on the allocation of accumulated profit for 2019, was cancelled due to the coronavirus (COVID-19) epidemic.

## Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months of 2020. As at 30 June 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 1997 to 1999. Their total cost equalled EUR 2.6 million as at 30 June 2020 and was EUR 5.3 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 27<sup>th</sup> 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), and it must not exceed 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.

### **Regular participation at investors' conferences and external communication**

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. We regularly attend investors' conferences that are organised each year by stock exchanges, banks and brokerage companies. There were some individual meetings with investors and analysts in the first six months of 2020. In March and June 2020, we took part in the webcast of the Ljubljana Stock Exchange. Other events were cancelled due to the coronavirus (COVID-19) pandemic.

### **Credit rating**

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.

### **Management Board of Petrol d.d., Ljubljana**

At its meeting held on 21 January 2020, the Supervisory Board offered Nada Drobne Popović, MSc, to become mandatary and propose a new Management Board of Petrol d.d., Ljubljana.

At the meeting of 10 February 2020, the Supervisory Board of Petrol d.d., Ljubljana appointed three Management Board members for a term of office of five years. Nada Drobne Popović, MSc, became President of the Management Board on 11 February 2020, while the terms of office of Management Board members Matija Bitenc, MSc, and Jože Bajuk, MSc, began on 11 March 2020. Danijela Ribarič Selaković resigned as Management Board member on 10 March 2020.



## **Supervisory Board of Petrol d.d., Ljubljana**

Nada Drobne Popović resigned as Member and President of the Supervisory Board of Petrol d.d., Ljubljana at the meeting of 10 February 2020. On 11 February 2020, Sašo Berger became President of the Supervisory Board of Petrol d.d., Ljubljana and Igo Gruden became Deputy President of the Supervisory Board of Petrol d.d., Ljubljana.

The Supervisory Board of Petrol d.d., Ljubljana proposed that Janez Pušnik, as a representative of shareholders, be elected Substitute Member of the Supervisory Board of Petrol d.d., Ljubljana for the term of office commencing on 24 April 2020 and ending on the last day of the term of office, 10 April 2021, at the General Meeting that was to be held on 23 April 2020 and was cancelled due to the epidemic.

At the 31<sup>st</sup> General Meeting of Petrol d.d., Ljubljana held on 23 July 2020, Janez Pušnik was elected Substitute Member of the Supervisory Board of Petrol, Slovenska energetska družba, d.d., Ljubljana for the term of office commencing on 24 July 2020 and ending on the last day of the term of office, 10 April 2021.

## **General Meeting of Petrol d.d., Ljubljana**

Pursuant to its decision of 24 February 2020, the Management Board of Petrol d.d., Ljubljana convened, on 13 March 2020, the 31<sup>st</sup> General Meeting of Shareholders of Petrol, d.d., Ljubljana that was to be held on 23 April 2020.

On 3 April 2020, the Management Board of Petrol d.d., Ljubljana informed the shareholders that, following its decision of 2 April 2020 and with the Supervisory Board's approval, the 31<sup>st</sup> General Meeting of Shareholders of Petrol d.d., Ljubljana convened for 23 April 2020 was cancelled. The cancellation decision was taken to comply with prohibitions laid down in Decree on the temporary prohibition of the gathering of people at public meetings at public events and other events in public places in the Republic of Slovenia and prohibition of movement outside the municipalities (Official Gazette of the Republic of Slovenia No. 38/2020) which was adopted to contain and control the SARS-CoV-2 (COVID-19) epidemic.

On 11 June 2020, the Management Board of Petrol d.d., Ljubljana then decided to convene the 31<sup>st</sup> General Meeting of Shareholders of Petrol, d.d., Ljubljana for 23 July 2020.

## **Business plan for 2020**

The Petrol Group operates in two highly competitive industries – energy and trade. Besides trends in the area of energy and commerce, the Petrol 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.

In the first two months of 2020, the Petrol Group's operations continued without disruption and according to plan. The business environment deteriorated considerably, however, as the

pandemic began. Already when drawing up the plan 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. The following factors were highlighted as the main risks for achieving the 2020 plan:

- 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.

Because a natural disaster of such magnitude and the resulting economic crisis could not have been predicted, the Petrol Group will not meet its planned operating targets for the current year. In June 2020, the Petrol Group set out to develop a new operating strategy of the Petrol Group for the period 2021 – 2025, which is expected to be adopted in the last quarter of 2020.

The Petrol Group's main business targets for 2020 as set at the end of 2019, i.e. before the onset of the pandemic:

- Sales revenue of EUR 6.4 billion (5.3 billion with excise duties excluded)
- Adjusted gross profit of EUR 510 million
- EBITDA of EUR 214.8 million
- Net profit of EUR 109.8 million
- Net debt to equity ratio of 0.4
- Net debt to EBITDA ratio of 1.7
- Financial leverage ratio of 30 percent
- 3.4 million tons of petroleum products sold
- EUR 467.6 million in revenue from merchandise sales and related services
- Retail network consisting of 522 service stations
- More than 5,500 employees

## **Impact of the pandemic on the Petrol Group's operations**

The world is facing a pandemic which also affects the operations of the Petrol Group. In January and February 2020, the operations in all of the Petrol Group's markets continued without disruption and according to plan. In March 2020, however, the business environment deteriorated considerably as the pandemic began. Petrol d.d., Ljubljana has been closely monitoring the situation since the outbreak of the epidemic. When developing measures and putting them into practice, the Petrol Group complies fully, in all of its markets, with the instructions issued by the authorities. Its primary concern are measures aimed at protecting the health of Petrol's customers and employees. The general public is informed of all measures as they are adopted. Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply. Moreover, Petrol Group companies have in place action plans to continue to ensure uninterrupted energy-product supply should the situation deteriorate. The Petrol Group adapts 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 Petrol 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 will have an impact on all of the above factors, which will be reflected in lower economic growth, consumption and production. The most affected sectors include aviation, public and individual transport, tourism and personal services. Due to a decline in demand, oil prices have also decreased significantly. In its projections published in the World Economic Outlook at the beginning of April 2020, the International Monetary Fund assessed the impact of the pandemic on the global economy which will cause a rise in unemployment, in addition to a drop in GDP.

**Table 6: Impact of the pandemic on GDP (International Monetary Fund)**

Real GDP (Change in %)	2019	2020 Projections	2021 Projections
EURO Area	1.2	-7.5	4.7
Slovenia	2.4	-8.0	5.4
Croatia	2.9	-9.0	4.9
Bosnia and Herzegovina	2.7	-5.0	3.5
Serbia	4.2	-3.0	7.5
Montenegro	3.6	-9.0	6.5
Kosovo	4	-5.0	7.5
USA	2.3	-5.9	4.7
World	2.9	-3.0	5.8

Source: International Monetary Fund, World Economic Outlook, April 2020

In May 2020, the European Commission also presented the expected impact of the pandemic on the economy in its Spring 2020 Economic Forecast.

**Table 7: Impact of the pandemic on GDP and unemployment (European Commission)**

	BDP Change (%)			Unemployment Rate (%)		
	2019	2020 Projections	2021 Projections	2019	2020 Projections	2021 Projections
EURO Area	1.2	-7.7	6.3	7.5	9.6	8.6
Slovenia	2.4	-7.0	6.7	4.5	7.0	5.1
Croatia	2.9	-9.1	7.5	6.6	10.2	7.4
Serbia	4.2	-4.1	6.1	10.3	12.7	10
Montenegro	3.6	-5.9	4.4	15.4	17.0	16.2

Source: European Commission: Economic Forecast, Spring 2020

In its Summer Forecast of Economic Trends (June 2020), the Institute of Macroeconomic Analysis and Development (IMAD) predicts that Slovenia's GDP will shrink by 7.6 percent in 2020, which will be followed by a recovery in 2021 (4.5-percent growth). In most activities, however, pre-epidemic levels will not be achieved. This year's decline in GDP will arise from a fall in value added in a number of sectors, which will be a consequence of a significant contraction of activity in the first half of the year, particularly in the second quarter. After the containment of the epidemic and the loosening of protection measures, economic activity is expected to recover in the second half of the year, but the recovery will be gradual and its pace uneven across sectors, as the virus is still present and some restrictions in Slovenia and trading

partners remain in place. This year, value added is set to decline the most in the hospitality industry, entertainment and recreation, arts, personal service activities and transportation.

Uncertainty and the risks of an even sharper decline in GDP associated with possible recurrences of major outbreaks of COVID-19 remain high, but it is also possible that the economic growth will be higher next year. A new and more intense outbreak would lead to the reinstatement of stringent measures to contain its spread, which in turn would again strongly hamper business operations in service sectors and industry. Companies would no longer be able to carry out their activities, the number of bankruptcies would increase and greater consequences would also be felt on the labour market. If this were to happen this year, GDP would fall even more and bankruptcies and increased unemployment would also contribute to a weaker recovery. However, if a vaccine or a medicine is developed and made available soon, or if the spread of the virus is effectively and more permanently contained, activity may recover more rapidly.

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, have a long-term focus so that the Petrol Group can operate without interruption in a very different business environment.

Ever since the pandemic began, the safety and health of the Petrol Group's employees and customers as well as 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, and we also make sure, at every point-of-sale entrance, that the recommended number of customers who can be simultaneously present in a shop is maintained. With the easing of restrictions, 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.

Ensuring sufficient liquidity is high on the priority list. As far as liquidity management is concerned, drawing on existing credit lines has created 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 take into account the appropriate net debt to EBITDA ratio. Dynamic liquidity plans are prepared on a daily basis with a time horizon of 3 months.

In the area of credit risk management, we closely follow all procedures of credit insurance companies. The Petrol Group has secured around 81 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.

Particular attention was given to HR management, especially to ensuring sufficient staffing levels at the points of sale. Where possible, other employees worked from home, and some were furloughed due to a lower volume of business activity. When the epidemiological situation

improved, most employees returned to work. Returning to work was carried out gradually and took place under strict safety measures and protocols. Caring for the health of our employees and customers continues to be a priority.

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 will decide on the remaining investments in line with the development of business conditions.

Cost optimisation and streamlining of operations have the highest priority as far as the Petrol Group's tasks in the rest of 2020 are concerned. Important activities in this area include analysing best practices in the sector, identifying possible savings and streamlining business processes.

The Petrol Group has experienced a decline in the sale of both petroleum products and merchandise in all of its markets. At the end of March 2020, the Petrol Group already recorded a significant drop in the retail sales of petroleum products and LPG. The negative sales trends continued in the months that followed. In the second quarter, the Petrol Group saw its retail selling volume decrease by 26 percent, but the trend was reversed once the restrictions had been lifted.

Lower sales of petroleum products are 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 Petrol 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. Due to the deterioration of the epidemiological situation in some countries, border-crossing restrictions are being re-imposed.

Because it is uncertain how the situation will develop, the Petrol Group prepared different scenarios for operations in 2020. Considering the results achieved so far and current developments, the 2020 operating performance is expected to correspond to the scenarios developed at the onset of the pandemic. The scenarios considered various cases ranging from the possibility that restrictions on movement within countries are lifted in May, but certain restrictions on transit traffic and tourism still remain which have a major impact especially on operations in the summer months, to the possibility that the last quarter of 2020 will again see major restrictions on movement and further deterioration in business conditions as a result of that. We thus expected that the volume of petroleum products sold in 2020 could reach between 83 and 86 percent of the 2019 figure (without the sales to the Agency of the Republic of Slovenia for Commodity Reserves). Given the estimated decrease in sales in the coming months, the streamlining of costs and the adjusted volume of investments, the Petrol Group's EBITDA for 2020 could amount to between 73 and 79 percent of the 2019 EBITDA, or to

between 77 and 84 percent of the 2019 EBITDA if one-off events are not taken into account (the 2019 EBITDA does not include the reversal of provisions for lawsuits and penalties relating to procedures ended in 2019, the cumulative effect of which totals EUR 11.1 million).

In Slovenia, which is the Petrol Group's main market, the prices of petroleum products remain government-regulated at most service stations (other than motorway and expressway service stations). The Petrol Group is thus limited in responding to the difficult business conditions through an adequate pricing policy. In addition, from 9 April 2020 to 20 August 2020, gross motor fuel margins in Bosnia and Herzegovina were limited to EUR 0.128 per litre (retail margin) and EUR 0.031 per litre (wholesale margin).

Sales revenue and working capital reflect the prices of petroleum products on the basis of current prices in monthly forward contracts until the end of 2020, which constitutes an additional uncertainty because oil price movements in the context of a crisis caused by a pandemic are even more unpredictable than otherwise.

Before the pandemic, the Petrol Group was in a very good business and financial condition. 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.

The Petrol Group will continue to closely monitor the behaviour of its customers and will adapt its range to reflect market conditions. Uninterrupted energy-product supply will be ensured in all markets.

## **Events after the end of the accounting period**

- Resolutions of the 31<sup>st</sup> General Meeting of Shareholders of Petrol d.d., Ljubljana which took place on 23 July 2020 in Ljubljana:
  - Accumulated profit of EUR 45,355,156.00 as at 31 December 2019 shall be used as follows:
    - accumulated profit of EUR 45,222,716.00 shall be distributed as dividend payments, with gross dividends amounting to EUR 22.00 per share (with own shares excluded);
    - the remaining accumulated profit of EUR 132,440.00 and any amounts linked to own shares arising on the date the dividends are paid and amounts resulting from rounding off dividend payments shall be transferred to other revenue reserves.
  - The Company shall pay out dividends on 7 August 2020 to shareholders registered with KDD – the Central Securities Clearing Corporation on 6 August 2020.
  - The General Meeting shall be informed of the remuneration of members of the Company's management and supervisory bodies and of members of the management and supervisory bodies of the Company's subsidiaries, to the extent presented, which shall also be entered in the minutes of the General Meeting.
  - The General Meeting shall be informed of the remuneration policy for members of the Company's management body and for members of the management bodies of the Company's subsidiaries, to the extent presented, which shall also be entered in the minutes of the General Meeting.

- The Company's Management Board shall be granted discharge from liability for the year 2019.
  - The Company's Supervisory Board shall be granted discharge from liability for the year 2019.
  - Janez Pušnik, as a representative of shareholders, shall be elected Substitute Member of the Supervisory Board of Petrol, Slovenska energetska družba, d.d., Ljubljana for the term of office commencing on 24 July 2020 and ending on the last day of the term of office, 10 April 2021.
  - The remuneration of the members of the Supervisory Board and the external member of the Audit Committee in connection with the duties performed in the Supervisory Board of Petrol d.d., Ljubljana and its committees is to be reduced by 30 percent in the period from 1 March 2020 to 31 May 2020.
- The emergence of the virus and of the global pandemic still affects the operations of the Petrol Group. For more information, refer to section Impact of the pandemic on the Petrol Group's operations.
  - There were no events after the reporting date that would significantly affect the disclosed operations in the first six months of 2020.

# FINANCIAL REPORT

## Financial performance of the Petrol Group and the company Petrol d.d., Ljubljana

### Statement of profit and loss of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		1-6 2020	1-6 2019* Adjusted	1-6 2020	1-6 2019* Adjusted
<b>Sales revenue</b>		<b>1,533,001,873</b>	<b>2,124,769,921</b>	<b>1,172,790,344</b>	<b>1,720,629,843</b>
<b>Cost of goods sold</b>		<b>(1,354,223,523)</b>	<b>(1,906,557,600)</b>	<b>(1,051,969,819)</b>	<b>(1,560,275,395)</b>
Costs of materials	3	(14,030,958)	(15,068,313)	(12,143,201)	(12,758,691)
Costs of services	4	(64,556,995)	(67,384,119)	(53,411,494)	(57,355,707)
Labour costs	5	(49,825,061)	(48,149,575)	(34,821,022)	(34,898,329)
Depreciation and amortisation	6	(36,911,597)	(32,934,751)	(23,022,560)	(22,305,340)
Other costs	7	(10,726,577)	(4,299,537)	(5,577,051)	(5,101,185)
<b>Operating costs</b>		<b>(176,051,188)</b>	<b>(167,836,295)</b>	<b>(128,975,329)</b>	<b>(132,419,251)</b>
Other revenue	2	66,358,131	46,558,096	59,766,833	44,577,813
Other expenses	8	(41,666,183)	(47,638,678)	(42,936,722)	(48,152,501)
<b>Operating profit</b>		<b>27,419,110</b>	<b>49,295,444</b>	<b>8,675,308</b>	<b>24,360,507</b>
<b>Share of profit or loss of equity accounted investees</b>		<b>605,586</b>	<b>519,737</b>	-	-
<b>Finance income from dividends paid by subsidiaries, associates and jointly controlled entities</b>		-	-	<b>2,807,077</b>	<b>908,716</b>
Other finance income	9	28,249,379	19,579,437	24,229,405	15,934,693
Other finance expenses	9	(31,290,646)	(20,914,899)	(28,929,281)	(18,672,836)
<b>Net finance expense</b>		<b>(3,041,267)</b>	<b>(1,335,462)</b>	<b>(4,699,876)</b>	<b>(2,738,143)</b>
<b>Profit before tax</b>		<b>24,983,429</b>	<b>48,479,719</b>	<b>6,782,509</b>	<b>22,531,081</b>
Tax expense		(4,566,909)	(6,653,827)	(890,751)	(3,419,351)
Deferred tax		142,223	(1,164,910)	158,225	(4,992)
<b>Corporate income tax</b>		<b>(4,424,686)</b>	<b>(7,818,737)</b>	<b>(732,526)</b>	<b>(3,424,343)</b>
<b>Net profit for the period</b>		<b>20,558,743</b>	<b>40,660,982</b>	<b>6,049,983</b>	<b>19,106,738</b>
Net profit for the period attributable to:					
Owners of the controlling company		18,628,367	38,697,382	6,049,983	19,106,738
Non-controlling interest		1,930,376	1,963,600	-	-
Basic and diluted earnings per share	10	10.00	19.78	2.93	9.27

\* In 2019 the Group/Company changed the presentation of certain items in the statement of profit and loss. The changes are explained in Note 2.e.

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

## Other comprehensive income of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
<b>Net profit for the period</b>	<b>20,558,743</b>	<b>40,660,982</b>	<b>6,049,983</b>	<b>19,106,738</b>
<b>Other comprehensive income to be recognised in the statement of profit or loss in the future</b>				
Effective portion of changes in the fair value of cash flow variability hedging	(317,397)	(5,625,383)	(373,896)	(5,396,657)
Change in deferred taxes	60,870	1,066,536	71,040	1,025,365
Foreign exchange differences	(3,906,827)	592,039	-	-
<b>Total other comprehensive income to be recognised in the statement of profit or loss in the future</b>	<b>(4,163,354)</b>	<b>(3,966,808)</b>	<b>(302,856)</b>	<b>(4,371,292)</b>
<b>Other comprehensive income not to be recognised in the statement of profit or loss in the future</b>				
Unrealised actuarial gains and losses	0	0	0	0
Attribution of changes in the equity of subsidiaries	0	0	-	-
Attribution of changes in the equity of associates	0	0	-	-
<b>Total other comprehensive income not to be recognised in the statement of profit or loss in the future</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total other comprehensive income after tax</b>	<b>(4,163,354)</b>	<b>(3,966,808)</b>	<b>(302,856)</b>	<b>(4,371,292)</b>
<b>Total comprehensive income for the period</b>	<b>16,395,389</b>	<b>36,694,174</b>	<b>5,747,127</b>	<b>14,735,446</b>
Total comprehensive income attributable to:				
Owners of the controlling company	14,440,800	34,708,914	5,747,127	14,735,446
Non-controlling interest	1,954,589	1,985,260	-	-

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.



**Statement of financial position of the Petrol Group and Petrol d.d., Ljubljana**

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<b>ASSETS</b>					
<b>Non-current (long-term) assets</b>					
Intangible assets	11	196,327,482	197,730,548	163,766,211	163,983,284
Right to use of leased assets	12	65,271,748	71,538,949	31,963,479	34,346,564
Property, plant and equipment	13	692,774,943	709,932,163	381,281,669	388,231,331
Investment property		16,320,334	16,831,304	15,871,259	16,364,192
Investments in subsidiaries	14	-	-	346,749,377	341,346,801
Investments in jointly controlled entities	15	552,076	610,273	233,000	233,000
Investments in associates	16	53,847,320	54,655,607	29,185,477	29,939,454
Financial assets at fair value through other comprehensive income	17	4,978,987	4,528,987	2,567,914	2,117,914
Financial receivables		2,393,120	5,017,649	34,741,624	31,876,297
Operating receivables		8,914,717	8,389,853	8,894,013	8,368,720
Deferred tax assets		9,874,899	9,234,009	7,097,505	6,868,241
		<b>1,051,255,626</b>	<b>1,078,469,342</b>	<b>1,022,351,528</b>	<b>1,023,675,797</b>
<b>Current assets</b>					
Inventories	18	123,500,934	175,690,478	84,612,052	128,429,794
Contract assets		1,708,369	1,819,842	3,056,787	2,095,457
Financial receivables	19	3,575,569	7,701,628	9,236,003	6,848,043
Operating receivables	20	339,240,224	474,132,118	240,059,773	320,561,369
Corporate income tax assets		1,139,341	912,629	1,920,074	2,375,278
Financial assets at fair value through profit or loss	21	2,544,831	529,911	2,544,831	394,078
Prepayments and other assets	22	101,178,486	78,607,712	36,378,553	23,597,572
Cash and cash equivalents		131,572,398	41,730,269	65,983,612	17,680,102
		<b>704,460,152</b>	<b>781,124,587</b>	<b>443,791,683</b>	<b>501,981,693</b>
<b>Total assets</b>		<b>1,755,715,778</b>	<b>1,859,593,929</b>	<b>1,466,143,211</b>	<b>1,525,657,491</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the controlling company</b>					
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		317,484,757	314,675,779	339,100,447	339,100,447
Fair value reserve		(894,548)	(894,548)	39,489,924	39,489,924
Hedging reserve		(4,345,982)	(4,089,455)	(4,200,762)	(3,897,907)
Foreign exchange differences		(9,925,896)	(5,994,856)	-	-
Retained earnings		285,041,935	271,904,940	36,174,597	30,124,614
		<b>782,580,583</b>	<b>770,822,177</b>	<b>607,650,137</b>	<b>601,903,014</b>
<b>Non-controlling interest</b>		<b>37,239,683</b>	<b>40,430,080</b>	-	-
<b>Total equity</b>		<b>819,820,266</b>	<b>811,252,257</b>	<b>607,650,137</b>	<b>601,903,014</b>
<b>Non-current liabilities</b>					
Provisions for employee post-employment and other long-term benefits		8,884,881	8,889,711	8,025,061	8,025,061
Other provisions		27,108,270	25,708,967	12,537,287	9,301,799
Long-term deferred revenue		31,727,105	25,027,245	26,884,815	20,463,854
Financial liabilities	23	275,969,293	287,757,788	270,140,202	282,126,997
Long-term lease liabilities	24	57,291,279	62,893,671	29,198,201	31,307,247
Operating liabilities		792,582	942,817	792,582	792,582
Deferred tax liabilities		3,255,145	2,841,976	0	0
		<b>405,028,555</b>	<b>414,062,175</b>	<b>347,578,149</b>	<b>352,017,540</b>
<b>Current liabilities</b>					
Financial liabilities	23	40,841,838	38,983,796	113,951,735	104,221,462
Current lease liabilities	24	9,297,807	9,718,871	3,350,713	3,500,072
Operating liabilities	25	448,752,323	552,151,273	372,095,673	439,518,379
Corporate income tax liabilities		607,058	1,243,357	0	0
Contract liabilities	26	18,053,932	15,921,631	16,171,374	13,522,977
Other liabilities	27	13,313,999	16,260,569	5,345,430	10,974,048
		<b>530,866,957</b>	<b>634,279,497</b>	<b>510,914,925</b>	<b>571,736,937</b>
<b>Total liabilities</b>		<b>935,895,512</b>	<b>1,048,341,672</b>	<b>858,493,073</b>	<b>923,754,477</b>
<b>Total equity and liabilities</b>		<b>1,755,715,778</b>	<b>1,859,593,929</b>	<b>1,466,143,211</b>	<b>1,525,657,491</b>

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

## Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves							
As at 31 December 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	269,059,392	(512,238)	(749,275)	(5,246,866)	257,220,109	714,991,439	32,486,625	747,478,064
Adjustment on adoption of IFRS 16											0		0
<b>As at 1 January 2019</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,987,955</b>	<b>4,708,359</b>	<b>(4,708,359)</b>	<b>269,059,392</b>	<b>(512,238)</b>	<b>(749,275)</b>	<b>(5,246,866)</b>	<b>257,220,109</b>	<b>714,991,439</b>	<b>32,486,625</b>	<b>747,478,064</b>
Dividend payments for 2018										(37,000,404)	(37,000,404)		(37,000,404)
Transfer of retained earnings to other reserves						20,211,778				(20,211,778)	0		0
Increase/(decrease) in non-controlling interest						(6,194,517)	(140,572)				(6,335,089)	5,677,018	(658,071)
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,017,261</b>	<b>(140,572)</b>	<b>0</b>	<b>0</b>	<b>(57,212,182)</b>	<b>(43,335,493)</b>	<b>5,677,018</b>	<b>(37,658,475)</b>
Net profit for the period										38,697,382	<b>38,697,382</b>	1,963,600	<b>40,660,982</b>
Other changes in other comprehensive income								(4,558,847)	570,379		(3,988,468)	21,660	(3,966,808)
<b>Total changes in total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,558,847)</b>	<b>570,379</b>	<b>38,697,382</b>	<b>34,708,914</b>	<b>1,985,260</b>	<b>36,694,174</b>
<b>As at 30 June 2019</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,987,955</b>	<b>4,708,359</b>	<b>(4,708,359)</b>	<b>283,076,653</b>	<b>(652,810)</b>	<b>(5,308,122)</b>	<b>(4,676,487)</b>	<b>238,705,309</b>	<b>706,364,860</b>	<b>40,148,903</b>	<b>746,513,763</b>
<b>As at 1 January 2020</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,987,955</b>	<b>4,708,359</b>	<b>(4,708,359)</b>	<b>314,675,779</b>	<b>(894,548)</b>	<b>(4,089,455)</b>	<b>(5,994,856)</b>	<b>271,904,940</b>	<b>770,822,177</b>	<b>40,430,080</b>	<b>811,252,257</b>
Transfer of retained earnings to other reserves						5,491,372				(5,491,372)	0		0
Increase/(decrease) in non-controlling interest						(2,682,394)					(2,682,394)	(5,144,986)	(7,827,380)
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,808,978</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,491,372)</b>	<b>(2,682,394)</b>	<b>(5,144,986)</b>	<b>(7,827,380)</b>
Net profit for the period										18,628,367	<b>18,628,367</b>	1,930,376	<b>20,558,743</b>
Other changes in other comprehensive income								(256,527)	(3,931,040)		(4,187,567)	24,213	(4,163,354)
<b>Total changes in total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(256,527)</b>	<b>(3,931,040)</b>	<b>18,628,367</b>	<b>14,440,800</b>	<b>1,954,589</b>	<b>16,395,389</b>
<b>As at 30 June 2020</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,987,955</b>	<b>4,708,359</b>	<b>(4,708,359)</b>	<b>317,484,757</b>	<b>(894,548)</b>	<b>(4,345,982)</b>	<b>(9,925,896)</b>	<b>285,041,935</b>	<b>782,580,583</b>	<b>37,239,683</b>	<b>819,820,266</b>

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

## Statement of changes in equity of Petrol d.d., Ljubljana

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Hedging reserve	Retained earnings	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				
<b>As at 31 December 2018</b>	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(621,084)	50,296,118	581,966,615
Adjustment on adoption of IFRS 16										0
<b>As at 1 January 2019</b>	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(621,084)	50,296,118	581,966,615
Dividend payments for 2018									(37,000,404)	(37,000,404)
Transfer of retained earnings to other reserves						13,285,714			(13,285,714)	0
<b>Transactions with owners</b>	0	0	0	0	0	13,285,714	0	0	(50,286,118)	(37,000,404)
Net profit for the period									19,106,738	19,106,738
Other changes in comprehensive income								(4,371,292)		(4,371,292)
<b>Total changes in total comprehensive income</b>	0	0	0	0	0	0	0	(4,371,292)	19,106,738	14,735,446
<b>As at 30 June 2019</b>	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	308,965,832	39,525,529	(4,992,376)	19,116,738	559,701,657
<b>As at 1 January 2020</b>	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	339,100,447	39,489,924	(3,897,907)	30,124,614	601,903,014
Net profit for the period									6,049,983	6,049,983
Other changes in other comprehensive income								(302,856)		(302,856)
<b>Total changes in total comprehensive income</b>	0	0	0	0	0	0	0	(302,856)	6,049,983	5,747,127
<b>As at 30 June 2020</b>	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	339,100,447	39,489,924	(4,200,762)	36,174,597	607,650,137

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

## Cash flow statement of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		1-6 2020	1-6 2019	1-6 2020	1-6 2019
<b>Cash flows from operating activities</b>					
<b>Net profit</b>		<b>20,558,743</b>	<b>40,660,982</b>	<b>6,049,983</b>	<b>19,106,738</b>
<b>Adjustment for:</b>					
Corporate income tax		4,424,686	7,818,737	732,526	3,424,343
Depreciation of property, plant and equipment and of investment property	6	31,049,227	28,139,924	18,911,341	18,128,192
Amortisation of intangible assets	6	5,862,370	4,794,827	4,111,219	4,177,148
(Gain)/loss on disposal of property, plant and equipment	2, 7	(298,421)	(121,140)	(221,501)	(100,002)
Impairment, write-down/(reversed impairment) of assets		5,306,863	0	0	0
Revenue from assets under management		(32,528)	(32,438)	(32,528)	(32,438)
Net (decrease in)/creation of provisions for long-term employee benefits		0	(1,844)	0	0
Net (decrease in)/creation of other provisions and long-term deferred revenue		8,153,977	(766,504)	9,656,449	857,307
Net goods surpluses		(192,810)	(230,505)	248,672	(218,105)
Net (decrease in)/creation of allowance for receivables	9	1,214,167	(3,976,972)	336,287	(2,288,749)
Net finance (income)/expense	9	2,633,440	5,666,984	2,237,188	5,474,420
Impairment of investments	9	948,705	0	3,996,530	0
Share of profit of jointly controlled entities		(115,108)	(144,092)	-	-
Share of profit of associates		(490,478)	(375,645)	-	-
Finance income from dividends received from subsidiaries		-	-	(2,099,057)	0
Finance income from dividends received from joint controlled entities		-	-	(172,934)	(150,000)
Finance income from dividends received from associates		-	-	(535,086)	(758,716)
<b>Cash flow from operating activities before the changes in working capital</b>		<b>79,022,833</b>	<b>81,432,314</b>	<b>43,219,089</b>	<b>47,620,138</b>
Net (decrease in)/creation of other liabilities	27	(2,850,467)	(2,477,492)	(5,628,618)	1,346,740
Net decrease in/(creation of) other assets	22	(2,948,653)	(1,512,337)	(4,028,655)	(826,987)
Change in inventories	18	52,047,123	(11,306,804)	43,569,071	(7,345,353)
Change in operating and other receivables and contract assets	20	116,333,813	101,210,996	68,940,833	100,592,338
Change in operating and other liabilities and contract liabilities	25, 26	(88,994,661)	(41,890,060)	(53,028,516)	(33,844,565)
<b>Cash generated from operating activities</b>		<b>152,609,988</b>	<b>125,456,617</b>	<b>93,043,204</b>	<b>107,542,311</b>
Interest paid	9	(4,385,289)	(9,872,332)	(3,421,293)	(9,741,334)
Taxes paid		(5,412,091)	(16,978,691)	(435,547)	(14,723,570)
<b>Net cash from (used in) operating activities</b>		<b>142,812,608</b>	<b>98,605,594</b>	<b>89,186,364</b>	<b>83,077,407</b>
<b>Cash flows from investing activities</b>					
Payments for investments in subsidiaries	14	(10,830,964)	(700,435)	(11,298,461)	(16,333,279)
Receipts from investments in subsidiaries	14	116,875	0	0	0
Receipts from investments in associates	16	753,977	0	753,977	0
Payments for intangible assets	11	(3,886,765)	(3,484,079)	(3,323,165)	(2,991,513)
Receipts from property, plant and equipment	12	850,251	906,747	184,429	798,197
Payments for property, plant and equipment	12	(31,062,986)	(42,828,685)	(20,795,666)	(29,243,288)
Receipts from investment property		241,532	0	241,532	0
Payments for investment property		0	5,767	0	5,767
Receipts from loans granted	19	9,286,176	3,263,221	28,053,686	20,486,959
Payments for loans granted	19	(4,663,289)	(2,475,032)	(32,776,405)	(26,235,779)
Interest received	9	1,739,392	1,552,817	1,263,893	746,941
Dividends received from subsidiaries		-	-	2,099,057	0
Dividends received from jointly controlled entities		172,934	150,000	172,934	150,000
Dividends received from associates		535,086	758,716	535,086	758,716
Dividends received from others		110,000	60,399	0	60,399
<b>Net cash from (used in) investing activities</b>		<b>(36,637,781)</b>	<b>(42,790,564)</b>	<b>(34,889,103)</b>	<b>(51,796,880)</b>
<b>Cash flows from financing activities</b>					
Payments for bonds issued	23	0	(203,524,000)	0	(203,524,000)
Payments for right-of-use assets	24	(4,720,430)	(940,114)	(1,782,365)	(117,029)
Proceeds from borrowings	23	677,419,421	389,487,824	805,354,118	580,881,343
Repayment of borrowings	23	(688,740,784)	(211,030,443)	(809,565,504)	(386,208,175)
Dividends paid to shareholders		0	(909)	0	(909)
<b>Net cash from (used in) financing activities</b>		<b>(16,041,793)</b>	<b>(26,007,642)</b>	<b>(5,993,751)</b>	<b>(8,968,770)</b>
Increase/(decrease) in cash and cash equivalents		<b>90,133,034</b>	<b>29,807,388</b>	<b>48,303,510</b>	<b>22,311,757</b>
<b>Changes in cash and cash equivalents</b>					
<b>At the beginning of the year</b>		<b>41,730,269</b>	<b>58,740,743</b>	<b>17,680,102</b>	<b>28,986,973</b>
Foreign exchange differences		(290,905)	39,317	-	-
Increase/(decrease)		90,133,034	29,807,388	48,303,510	22,311,757
<b>At the end of the period</b>		<b>131,572,398</b>	<b>88,587,448</b>	<b>65,983,612</b>	<b>51,298,730</b>

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

## Notes to the financial statements

### 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 period ended 30 June 2020 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 June 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 the chapter *Organisational structure of the Petrol Group*.

### 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 20 August 2020.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with IAS 34 – Interim financial reporting and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

The financial statements for the period from January – June 2020 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2019.

#### 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 tables.

#### 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 judgments 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 a 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:
  - identifying a lease,
  - determining the lease term,
  - determining the discount rate,
- revenue from contracts with customers:
  - treatment of excise duty when selling petroleum products,
  - determining the timing of satisfaction of performance obligations,
  - sale in the name and for the account of third parties,
  - determining whether the loyalty points provide additional benefits to customers,
- business combinations:
  - defining a business combination,
  - net asset value recognition date,
  - estimating the fair value of net assets,
- estimating the useful lives of depreciable assets,
- assets impairment testing,
- estimating of the fair value of assets,
- estimating of the influence in jointly controlled entities,
- estimate of provisions for litigation,
- estimate of provisions for employee post-employment and other long-term benefits,
- assessing the possibility of using deferred tax assets.

#### e. Changes of financial statement presentation

In 2019 the Group/Company changed the presentation of certain items in the statement of profit and loss to ensure better presentation and the comparability of the financial statements with those of other companies in the industry. Because of the change's impact the Group adjusted certain items in the statement of profit and loss for the period of 1 January to 30 June 2019 as reported in the Report of the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first six months of 2019 on 30 August 2019, as described in the table below:

**Change of accounting policies for the treatment of commodity forward contracts, and change of presentation of revenue from the sale of petroleum products and of the cost of goods sold, of gain/loss on commodity derivatives, and of the reversal of other provisions and other liabilities, concerning the Group, in the period 1 January to 30 June 2019**

(in EUR)	The Petrol Group					1-6 2018 Published
	1-6 2019 Adjusted	Change in accounting policies - treatment of commodity	Commodity derivatives	Sales revenue of petroleum products	Reversal of other provisions and other liabilities	
<b>Sales revenue</b>	<b>2,124,769,921</b>	<b>(59,144,509)</b>	<b>-</b>	<b>(542,769,333)</b>	<b>-</b>	<b>2,726,683,763</b>
- of which excise duty	0	-	-	(542,769,333)	-	542,769,333
<b>Cost of goods sold</b>	<b>(1,906,557,600)</b>	<b>45,434,748</b>	<b>-</b>	<b>542,769,333</b>	<b>-</b>	<b>(2,494,761,681)</b>
<b>Operating costs</b>	<b>(167,836,295)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,881,151</b>	<b>(170,717,446)</b>
Other income	46,558,096	13,709,761	30,657,880	-	(2,881,151)	5,071,606
Other expenses	(47,638,678)	-	(47,442,085)	-	-	(196,593)
<b>Operating profit</b>	<b>49,295,444</b>	<b>0</b>	<b>(16,784,205)</b>	<b>0</b>	<b>0</b>	<b>66,079,649</b>
<b>Share of profit or loss of equity accounted investees</b>	<b>519,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>519,737</b>
<b>Finance income from dividends paid by subsidiaries, associates and jointly</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other finance income	19,579,437	-	(30,657,880)	-	-	50,237,317
Other finance expenses	(20,914,899)	-	47,442,085	-	-	(68,356,984)
<b>Net finance expense</b>	<b>(1,335,462)</b>	<b>0</b>	<b>16,784,205</b>	<b>0</b>	<b>0</b>	<b>(18,119,667)</b>
<b>Profit before tax</b>	<b>48,479,719</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,479,719</b>

**Change of accounting policies for the treatment of commodity forward contracts, and change of presentation of revenue from the sale of petroleum products and of the cost of goods sold, of gain/loss on commodity derivatives, and of the reversal of other provisions and other liabilities, concerning the Company, in the period 1 January to 30 June 2019**

(in EUR)	Petrol d.d.					
	1-6 2019 Adjusted	Change in accounting policies - treatment of commodity	Change of presentation			1-6 2018 Published
			Commodity derivatives	Sales revenue of petroleum products	Reversal of other provisions and other liabilities	
<b>Sales revenue</b>	1,720,629,843	(57,462,044)	-	(351,706,099)	-	2,129,797,986
- of which excise duty	0	-	-	(351,706,099)	-	351,706,099
<b>Cost of goods sold</b>	(1,560,275,395)	45,007,173	-	351,706,099	-	(1,956,988,667)
<b>Operating costs</b>	(132,419,251)	0	0	0	0	(132,419,251)
Other income	44,577,813	12,454,871	30,708,975	-	-	1,413,967
Other expenses	(48,152,501)	-	(48,141,636)	-	-	(10,865)
<b>Operating profit</b>	24,360,509	0	(17,432,661)	0	0	41,793,168
<b>Share of profit or loss of equity accounted investees</b>	-	-	-	-	-	-
<b>Finance income from dividends paid by subsidiaries, associates and jointly</b>	908,716	-	-	-	-	908,716
Other finance income	15,934,693	-	(30,708,975)	-	-	46,643,668
Other finance expenses	(18,672,836)	-	48,141,636	-	-	(66,814,472)
<b>Net finance expense</b>	(2,738,143)	0	17,432,661	0	0	(20,170,804)
<b>Profit before tax</b>	22,531,081	0	0	0	0	22,531,081

## Notes to individual items in the financial statements

### 1. 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 operating 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 information is monitored only in terms of certain key information 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 its annual report.

The Group thus uses the following segments in the preparation and presentation of the financial statements:

- sales,
- energy and environmental services and production.

Sales consist of:

- sales of petroleum products,
- sales of merchandise and services,
- sales of liquefied petroleum gas (LPG),
- sales of and trading in electricity,
- sales of natural gas,
- mobility.

Energy and environmental services and production consist of:

- energy and environmental solutions for the public and the commercial sector,
- energy solutions and industry and apartment buildings,
- distribution of natural gas,
- production of electricity from renewable sources.



## The Group's operating segments in the period 1 January - 30 June 2019:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,317,244,988	38,102,513	2,355,347,501	
Revenue from subsidiaries	(230,567,569)	(10,011)	(230,577,580)	
Sales revenue	2,086,677,419	38,092,502	2,124,769,921	2,124,769,921
Net profit for the period	32,869,924	7,791,058	40,660,982	40,660,982
Interest income*	1,302,961	483,861	1,786,822	1,786,822
Interest expense*	(4,755,704)	(1,766,055)	(6,521,759)	(6,521,759)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(24,805,331)	(8,129,420)	(32,934,751)	(32,934,751)
Share of profit or loss of equity accounted investees	0	519,737	519,737	519,737
Total assets	1,478,193,547	277,388,965	1,755,582,512	1,755,582,512
Equity accounted investees	1,077,839	51,225,706	52,303,545	52,303,545
Property, plant and equipment, intangible assets and investment property	718,082,893	215,838,224	933,921,117	933,921,117
Other assets	759,032,815	10,325,035	769,357,850	769,357,850
Current and non-current operating and financial liabilities	766,257,666	143,791,334	910,049,000	910,049,000

\*Interest income and expenses are estimated based on a segment's share of investments and assets in total investments and assets.

## The Group's operating segments in the period 1 January - 30 June 2020:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,679,440,002	34,717,055	1,714,157,057	
Revenue from subsidiaries	(181,138,710)	(16,474)	(181,155,184)	
Sales revenue	1,498,301,292	34,700,581	1,533,001,873	1,533,001,873
Net profit for the period	14,299,687	6,259,056	20,558,743	20,558,743
Interest income*	1,233,274	478,693	1,711,967	1,711,967
Interest expense*	(2,999,451)	(1,164,230)	(4,163,681)	(4,163,681)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(27,783,136)	(9,128,461)	(36,911,597)	(36,911,597)
Share of profit or loss of equity accounted investees	0	605,586	605,586	605,586
Total assets	1,453,074,266	302,641,512	1,755,715,778	1,755,715,778
Equity accounted investees	0	54,399,396	54,399,396	54,399,396
Property, plant and equipment, intangible assets and investment property	738,461,596	232,232,911	970,694,507	970,694,507
Other assets	714,612,670	16,009,205	730,621,875	730,621,875
Current and non-current operating and financial liabilities	689,366,205	143,578,917	832,945,122	832,945,122

\*Interest income and expenses are estimated based on a segment's share of investments and assets in total investments and assets.

## 2. Other revenue

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Profit on derivative financial instruments	63,553,723	44,367,641	58,056,612	43,163,846
Gain on disposal of fixed assets	308,905	143,474	231,985	120,172
Compensation, litigation proceeds and contractual penalties	67,998	138,031	46,952	78,026
Compensation received from insurance companies	45,670	21,494	7,630	9,034
Utilisation of environmental provisions	7,455	299,558	7,455	299,558
Other revenue	2,374,380	1,587,898	1,416,199	907,177
<b>Total other revenue</b>	<b>66,358,131</b>	<b>46,558,096</b>	<b>59,766,833</b>	<b>44,577,813</b>

## 3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Costs of energy	10,420,271	11,357,373	9,291,901	9,994,790
Costs of consumables	3,270,707	3,163,697	2,632,954	2,519,822
Write-off of small tools	38,643	189,817	23,599	40,089
Other costs of materials	301,337	357,426	194,747	203,990
<b>Total costs of materials</b>	<b>14,030,958</b>	<b>15,068,313</b>	<b>12,143,201</b>	<b>12,758,691</b>

## 4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Costs of service station managers	18,320,661	17,635,282	18,320,661	17,635,282
Costs of transport services	14,155,413	14,489,582	11,795,900	12,245,578
Costs of fixed-asset maintenance services	10,084,587	9,562,218	7,872,342	7,477,957
Costs of payment transactions and bank services	5,149,427	5,176,616	3,498,012	4,068,840
Costs of professional services	3,669,806	4,855,793	3,134,647	4,303,850
Costs of fairs, advertising and entertainment	2,250,601	3,685,886	1,204,888	2,377,877
Outsourcing costs	2,055,316	2,511,544	1,711,136	2,368,669
Costs of insurance premiums	1,886,003	2,007,994	1,132,376	1,252,382
Lease payments	1,750,013	2,090,372	1,140,640	1,977,635
Costs of fire protection and physical and technical security	948,612	850,180	740,876	703,088
Costs of environmental protection services	875,727	825,367	649,229	502,970
Property management	755,220	808,888	708,290	706,201
Reimbursement of work-related costs to employees	463,288	799,512	285,544	513,200
Membership fees	446,062	198,057	148,945	117,820
Other costs of services	1,746,259	1,886,828	1,068,008	1,104,358
<b>Total costs of services</b>	<b>64,556,995</b>	<b>67,384,119</b>	<b>53,411,494</b>	<b>57,355,707</b>

## Lease expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Depreciation of right-of-use assets	5,167,224	5,292,003	2,052,328	2,539,591
Finance expenses	1,272,465	1,836,507	681,859	1,157,119
Lease expenses	1,750,013	2,090,372	1,140,640	1,977,635
<b>Total recognised costs/expenses</b>	<b>8,189,702</b>	<b>9,218,882</b>	<b>3,874,827</b>	<b>5,674,345</b>

## 5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Salaries	36,852,856	35,708,620	26,166,564	25,680,628
Costs of pension insurance	2,474,619	2,913,734	1,791,130	2,335,326
Costs of other social insurance	3,361,576	3,331,906	1,941,323	2,071,013
Annual leave allowance	1,568,052	1,428,986	1,278,105	1,150,754
Transport allowance	1,507,805	1,625,517	893,906	1,055,282
Meal allowance	1,390,427	1,308,260	1,100,934	1,027,592
Supplementary pension insurance	733,440	673,300	704,021	644,202
Other allowances and reimbursements	1,936,286	1,159,252	945,039	933,532
<b>Total labour costs</b>	<b>49,825,061</b>	<b>48,149,575</b>	<b>34,821,022</b>	<b>34,898,329</b>

## 6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Amortisation of intangible assets	5,862,370	4,794,827	4,111,219	4,177,148
Depreciation of property, plant and equipment	25,307,114	22,285,630	16,302,161	15,044,347
Depreciation of right to use of leased assets	5,167,224	5,292,003	2,052,328	2,539,591
Depreciation of investment property	574,889	562,291	556,852	544,254
<b>Total depreciation and amortisation</b>	<b>36,911,597</b>	<b>32,934,751</b>	<b>23,022,560</b>	<b>22,305,340</b>

## 7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Environmental charges and charges unrelated to operations	2,732,151	4,553,433	1,776,069	3,009,987
Sponsorships and donations	559,462	1,686,149	439,838	1,645,765
Disposals/impairment of assets	5,317,347	22,334	10,484	20,170
Other costs	3,611,738	918,772	3,350,660	425,263
Reversal of other provision and other liabilities	(1,494,121)	(2,881,151)	0	0
<b>Total other costs</b>	<b>10,726,577</b>	<b>4,299,537</b>	<b>5,577,051</b>	<b>5,101,185</b>

## 8. Other expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Loss on derivative financial instruments	41,465,729	47,442,085	42,910,523	48,141,636
Other expenses	200,454	196,593	26,199	10,865
<b>Total other expenses</b>	<b>41,666,183</b>	<b>47,638,678</b>	<b>42,936,722</b>	<b>48,152,501</b>

## 9. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Foreign exchange differences	24,003,807	9,238,716	20,246,251	8,349,479
Gain on derivatives	2,086,879	3,909,107	2,086,879	3,909,107
Interest income	1,711,967	1,786,822	1,472,479	1,244,771
Loss allowances for receivables reversed and bad debt recovered	333,772	4,548,267	318,086	2,288,749
Other finance income	112,954	96,525	105,710	142,587
<b>Total other finance income</b>	<b>28,249,379</b>	<b>19,579,437</b>	<b>24,229,405</b>	<b>15,934,693</b>
Foreign exchange differences	(23,552,916)	(10,144,421)	(19,680,277)	(9,221,100)
Interest expense	(4,163,681)	(6,521,759)	(3,557,729)	(6,031,064)
Allowance for operating receivables	(1,547,939)	(571,295)	(654,373)	0
Impairment of investments and of goodwill	(948,705)	0	(3,996,530)	0
Loss on derivatives	(782,725)	(2,648,852)	(782,725)	(2,589,958)
Other finance expenses	(294,680)	(1,028,572)	(257,647)	(830,714)
<b>Total other finance expenses</b>	<b>(31,290,646)</b>	<b>(20,914,899)</b>	<b>(28,929,281)</b>	<b>(18,672,836)</b>
<b>Net finance expense</b>	<b>(3,041,267)</b>	<b>(1,335,462)</b>	<b>(4,699,876)</b>	<b>(2,738,143)</b>

## 10. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit (in EUR)	20,558,743	40,660,982	6,049,983	19,106,738
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 period	30,723	30,723	24,703	24,703
Number of own shares at the end of the period	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
<b>Basic and diluted earnings per share (EUR/share)</b>	<b>10.00</b>	<b>19.78</b>	<b>2.93</b>	<b>9.27</b>

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. The Group and the Company have no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

## 11. Intangible assets

### Intangible assets of the Petrol Group

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
<b>Cost</b>						
<b>As at 1 January 2019</b>	<b>32,430,709</b>	<b>110,894,186</b>	<b>108,042,233</b>	<b>3,141,403</b>	<b>148,628</b>	<b>254,657,159</b>
New acquisitions	0	13,085	0	3,315,417	155,577	3,484,079
Disposals/Impairments	(1,096)	(385,482)	0	0	0	(386,578)
Transfer between asset categories	1,271	2,167,293	0	151,235	(1,002)	2,318,797
Transfer from ongoing investments	538,689	366,001	0	(904,690)	0	0
Foreign exchange differences	733	12,570	31,570	1,372	0	46,245
<b>As at 30 June 2019</b>	<b>32,970,306</b>	<b>113,067,653</b>	<b>108,073,803</b>	<b>5,704,737</b>	<b>303,203</b>	<b>260,119,702</b>
<b>Accumulated amortisation</b>						
<b>As at 1 January 2019</b>	<b>(19,001,884)</b>	<b>(47,584,413)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(66,586,297)</b>
Amortisation	(2,429,893)	(2,364,934)	0	0	0	(4,794,827)
Disposals/Impairments	1,096	385,482	0	0	0	386,578
Transfer between asset categories	(1,271)	(929,711)	0	0	0	(930,982)
Foreign exchange differences	(574)	(6,075)	0	0	0	(6,649)
<b>As at 30 June 2019</b>	<b>(21,432,526)</b>	<b>(50,499,651)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(71,932,177)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>13,428,825</b>	<b>63,309,773</b>	<b>108,042,233</b>	<b>3,141,403</b>	<b>148,628</b>	<b>188,070,862</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>11,537,780</b>	<b>62,568,002</b>	<b>108,073,803</b>	<b>5,704,737</b>	<b>303,203</b>	<b>188,187,525</b>

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
<b>Cost</b>						
<b>As at 1 January 2020</b>	<b>43,386,512</b>	<b>117,831,441</b>	<b>107,629,738</b>	<b>7,406,707</b>	<b>223,915</b>	<b>276,478,313</b>
New acquisitions	497,079	0	0	3,875,486	11,279	4,383,844
Disposals/Impairments	0	0	(56,610)	0	0	(56,610)
Transfer between asset categories	600,161	(101,915)	0	85,419	0	583,665
Transfer from ongoing investments	3,165,109	2,471,157	0	(5,622,158)	0	14,108
Foreign exchange differences	(105,402)	(133,977)	(275,356)	(2,463)	0	(517,198)
<b>As at 30 June 2020</b>	<b>47,543,459</b>	<b>120,066,706</b>	<b>107,297,772</b>	<b>5,742,991</b>	<b>235,194</b>	<b>280,886,122</b>
<b>Accumulated amortisation</b>						
<b>As at 1 January 2020</b>	<b>(24,490,228)</b>	<b>(54,248,690)</b>	<b>(8,847)</b>	<b>0</b>	<b>0</b>	<b>(78,747,765)</b>
Amortisation	(3,329,803)	(2,529,943)	(2,624)	0	0	(5,862,370)
Transfer between asset categories	(323,106)	323,106	0	0	0	0
Foreign exchange differences	3,053	48,289	153	0	0	51,495
<b>As at 30 June 2020</b>	<b>(28,140,084)</b>	<b>(56,407,238)</b>	<b>(11,318)</b>	<b>0</b>	<b>0</b>	<b>(84,558,640)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>18,896,284</b>	<b>63,582,751</b>	<b>107,620,891</b>	<b>7,406,707</b>	<b>223,915</b>	<b>197,730,548</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>19,403,375</b>	<b>63,659,468</b>	<b>107,286,454</b>	<b>5,742,991</b>	<b>235,194</b>	<b>196,327,482</b>

## Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
<b>Cost</b>						
<b>As at 1 January 2019</b>	<b>30,989,916</b>	<b>101,925,472</b>	<b>87,712,518</b>	<b>2,481,083</b>	<b>148,626</b>	<b>223,257,615</b>
New acquisitions as a result of merger by absorption			0			0
New acquisitions	0	297	0	2,835,623	155,579	2,991,499
Disposals/Impairments	0	0	0	0	(1,002)	(1,002)
Transfer between asset categories	1,271	2,167,293	0	151,235	0	2,319,799
Transfer from ongoing investments	534,659	285,184	0	(819,843)	0	0
<b>As at 30 June 2019</b>	<b>31,525,846</b>	<b>104,378,246</b>	<b>87,712,518</b>	<b>4,648,098</b>	<b>303,203</b>	<b>228,567,911</b>
<b>Accumulated amortisation</b>						
<b>As at 1 January 2019</b>	<b>(18,613,326)</b>	<b>(43,570,344)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(62,183,670)</b>
Amortisation	(2,200,519)	(1,976,629)	0	0	0	(4,177,148)
Transfer between asset categories	(1,271)	(929,711)	0	0	0	(930,982)
<b>As at 30 June 2019</b>	<b>(20,815,116)</b>	<b>(46,476,684)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(67,291,800)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>12,376,590</b>	<b>58,355,128</b>	<b>87,712,518</b>	<b>2,481,083</b>	<b>148,626</b>	<b>161,073,945</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>10,710,730</b>	<b>57,901,563</b>	<b>87,712,518</b>	<b>4,648,098</b>	<b>303,203</b>	<b>161,276,112</b>

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
<b>Cost</b>						
<b>As at 1 January 2020</b>	<b>34,712,923</b>	<b>107,489,063</b>	<b>87,712,518</b>	<b>6,731,484</b>	<b>223,915</b>	<b>236,869,903</b>
New acquisitions	0	0	0	3,311,886	11,279	3,323,165
Transfer between asset categories	0	498,246	0	72,736	0	570,982
Transfer from ongoing investments	3,116,390	2,163,929	0	(5,280,319)	0	0
<b>As at 30 June 2020</b>	<b>37,829,313</b>	<b>110,151,238</b>	<b>87,712,518</b>	<b>4,835,787</b>	<b>235,194</b>	<b>240,764,050</b>
<b>Accumulated amortisation</b>						
<b>As at 1 January 2020</b>	<b>(23,007,066)</b>	<b>(49,879,553)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(72,886,619)</b>
Amortisation	(2,019,200)	(2,092,019)	0	0	0	(4,111,219)
<b>As at 30 June 2020</b>	<b>(25,026,266)</b>	<b>(51,971,572)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(76,997,838)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>11,705,857</b>	<b>57,609,510</b>	<b>87,712,518</b>	<b>6,731,484</b>	<b>223,915</b>	<b>163,983,284</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>12,803,047</b>	<b>58,179,666</b>	<b>87,712,518</b>	<b>4,835,787</b>	<b>235,194</b>	<b>163,766,212</b>

## 12. Right to use of leased assets

### Right to use of leased assets of the Petrol Group

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
<b>Cost</b>				
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
<b>As at 1 January 2019</b>	<b>44,572,353</b>	<b>30,568,609</b>	<b>4,445,624</b>	<b>79,586,586</b>
New acquisitions	0	823,083	117,030	940,113
<b>As at 30 June 2019</b>	<b>44,572,353</b>	<b>31,391,692</b>	<b>4,562,654</b>	<b>80,526,699</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	(2,083,818)	(2,391,367)	(816,818)	(5,292,003)
<b>As at 30 June 2019</b>	<b>(2,083,818)</b>	<b>(2,391,367)</b>	<b>(816,818)</b>	<b>(5,292,003)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>44,572,353</b>	<b>30,568,609</b>	<b>4,445,624</b>	<b>79,586,586</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>42,488,535</b>	<b>29,000,325</b>	<b>3,745,836</b>	<b>75,234,696</b>

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
<b>Cost</b>				
<b>As at 1 January 2020</b>	<b>44,524,592</b>	<b>32,711,406</b>	<b>5,099,421</b>	<b>82,335,419</b>
New acquisitions	7,019,081	3,382,941	0	10,402,022
Disposals	(9,060,689)	(3,341,621)	0	(12,402,310)
Foreign exchange differences	(178,734)	(403,814)	(9,333)	(591,881)
<b>As at 30 June 2020</b>	<b>42,304,250</b>	<b>32,348,912</b>	<b>5,090,088</b>	<b>79,743,250</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2020</b>	<b>(3,109,854)</b>	<b>(5,905,560)</b>	<b>(1,781,056)</b>	<b>(10,796,470)</b>
Depreciation	(1,566,647)	(2,696,255)	(904,322)	(5,167,224)
Disposals	704,931	687,868	0	1,392,799
Foreign exchange differences	15,478	81,304	2,611	99,393
<b>As at 30 June 2020</b>	<b>(3,956,092)</b>	<b>(7,832,643)</b>	<b>(2,682,767)</b>	<b>(14,471,502)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>41,414,738</b>	<b>26,805,846</b>	<b>3,318,365</b>	<b>71,538,949</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>38,348,158</b>	<b>24,516,269</b>	<b>2,407,321</b>	<b>65,271,748</b>

## Right to use of leased assets of Petrol d.d., Ljubljana

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
<b>Cost</b>				
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
<b>As at 1 January 2019</b>	<b>32,908,459</b>	<b>1,015,136</b>	<b>3,951,141</b>	<b>37,874,736</b>
New acquisitions	0	0	117,029	117,029
<b>As at 30 June 2019</b>	<b>32,908,459</b>	<b>1,015,136</b>	<b>4,068,170</b>	<b>37,991,765</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	(1,651,276)	(151,700)	(736,616)	(2,539,592)
<b>As at 30 June 2019</b>	<b>(1,651,276)</b>	<b>(151,700)</b>	<b>(736,616)</b>	<b>(2,539,592)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>32,908,459</b>	<b>1,015,136</b>	<b>3,951,141</b>	<b>37,874,736</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>31,257,183</b>	<b>863,436</b>	<b>3,331,554</b>	<b>35,452,173</b>
(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
<b>Cost</b>				
<b>As at 1 January 2020</b>	<b>32,908,459</b>	<b>1,015,136</b>	<b>4,463,798</b>	<b>38,387,393</b>
New acquisitions	6,932,411	524,750	0	7,457,161
Disposals/Impairments	(7,641,424)	(523,632)	0	(8,165,055)
<b>As at 30 June 2020</b>	<b>32,199,446</b>	<b>1,016,254</b>	<b>4,463,798</b>	<b>37,679,499</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2020</b>	<b>(2,162,182)</b>	<b>(303,738)</b>	<b>(1,574,909)</b>	<b>(4,040,829)</b>
Depreciation	(1,094,401)	(157,652)	(800,275)	(2,052,328)
Disposals/Impairments	317,859	59,279	0	377,138
<b>As at 30 June 2020</b>	<b>(2,938,724)</b>	<b>(402,112)</b>	<b>(2,375,184)</b>	<b>(5,716,020)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>30,746,277</b>	<b>711,398</b>	<b>2,888,889</b>	<b>34,346,564</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>29,260,722</b>	<b>614,143</b>	<b>2,088,614</b>	<b>31,963,479</b>



### 13. Property, plant and equipment

#### Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2019</b>	<b>211,730,212</b>	<b>684,932,935</b>	<b>4,204,588</b>	<b>293,200,053</b>	<b>41,543,233</b>	<b>1,235,611,021</b>
New acquisitions	0	0	0	0	29,837,955	29,837,955
Disposals/Impairments	(562,890)	(1,867,392)	(108,317)	(1,338,751)	0	(3,877,350)
Transfer between assets categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	3,871,314	17,124,779	46,445	9,712,363	(30,754,901)	0
Transfer to investment property		(1,103)	0	197	(214,796)	(215,702)
Foreign exchange differences	159,426	383,744	538	132,538	21,727	697,973
<b>As at 30 June 2019</b>	<b>215,198,062</b>	<b>700,572,963</b>	<b>4,143,254</b>	<b>299,537,007</b>	<b>40,281,983</b>	<b>1,259,733,269</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2019</b>	<b>0</b>	<b>(410,973,941)</b>	<b>(1,908,901)</b>	<b>(169,386,706)</b>	<b>0</b>	<b>(582,269,548)</b>
Depreciation	0	(11,621,413)	(82,644)	(10,581,573)	0	(22,285,630)
Disposals/Impairments	0	1,796,341	107,228	1,188,174	0	3,091,743
Transfer between assets categories	0	(5,373)	0	933,252	0	927,879
Foreign exchange differences	0	(160,642)	(411)	(69,369)	0	(230,422)
<b>As at 30 June 2019</b>	<b>0</b>	<b>(420,965,028)</b>	<b>(1,884,728)</b>	<b>(177,916,222)</b>	<b>0</b>	<b>(600,765,978)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>211,730,212</b>	<b>273,958,994</b>	<b>2,295,687</b>	<b>123,813,347</b>	<b>41,543,233</b>	<b>653,341,473</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>215,198,062</b>	<b>279,607,935</b>	<b>2,258,526</b>	<b>121,620,785</b>	<b>40,281,983</b>	<b>658,967,291</b>

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2020</b>	<b>217,739,798</b>	<b>723,021,907</b>	<b>4,732,655</b>	<b>329,048,249</b>	<b>56,142,718</b>	<b>1,330,685,327</b>
New acquisitions	0	0	0	0	18,145,984	18,145,984
Disposals/Impairments	(5,347,198)	0	0	(1,339,701)	(3,872)	(6,690,771)
Transfer between assets categories	3,077,846	4,009,041	0	(1,967,135)	(5,721,396)	(601,644)
Transfer from ongoing investments	130,040	18,710,559	146,155	18,583,884	(37,570,638)	0
Transfer to investment property	0	0	0	0	(287,472)	(287,472)
Foreign exchange differences	(1,133,323)	(2,548,946)	(5,907)	(1,353,411)	(56,602)	(5,098,189)
<b>As at 30 June 2020</b>	<b>214,467,163</b>	<b>743,192,561</b>	<b>4,872,903</b>	<b>342,971,886</b>	<b>30,648,722</b>	<b>1,336,153,235</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2020</b>	<b>0</b>	<b>(428,928,691)</b>	<b>(2,097,886)</b>	<b>(189,726,587)</b>	<b>0</b>	<b>(620,753,164)</b>
Depreciation	0	(12,332,189)	(156,462)	(12,818,463)	0	(25,307,114)
Disposals/Impairments	0	0	0	832,078	0	832,078
Foreign exchange differences	0	1,129,890	4,773	715,245	0	1,849,908
<b>As at 30 June 2020</b>	<b>0</b>	<b>(440,130,990)</b>	<b>(2,249,575)</b>	<b>(200,997,727)</b>	<b>0</b>	<b>(643,378,292)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>217,739,798</b>	<b>294,093,216</b>	<b>2,634,769</b>	<b>139,321,662</b>	<b>56,142,718</b>	<b>709,932,163</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>214,467,163</b>	<b>303,061,571</b>	<b>2,623,328</b>	<b>141,974,159</b>	<b>30,648,722</b>	<b>692,774,943</b>

When testing asset impairment indicators, the Group determined that the carrying amount of fixed assets of certain cash-generating unit exceed their fair value and the value in use. Therefore, the Group impaired the value of identified fixed assets as at 30 June 2020 by EUR 5,306,863 based on the internal value assessment.

To assess the value of fixed assets of the cash-generating unit, the Group used the discounted cash flow model. Valuation is based on data about the past business performance and assumptions regarding the future operation of the cash-generating unit considering the cash flow forecast for the period from 2020 to 2028 and takes into account the required rates of return after taxes of 12 percent and the expected growth rate of 2 percent for calculation of the residual value.

## Property, plant and equipment of Petrol d.d., Ljubljana

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2019</b>	104,358,050	519,362,112	0	238,043,271	34,074,420	895,837,853
New acquisitions	0	0	0	0	18,590,617	18,590,617
Disposals/Impairments	(562,890)	(1,857,166)	0	(871,254)	0	(3,291,310)
Transfer between asset categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	34,157	11,931,317	0	7,873,595	(19,839,069)	0
Transfer to investment property	0	(1,103)	0	197	(214,796)	(215,702)
<b>As at 30 June 2019</b>	<b>103,829,317</b>	<b>529,435,160</b>	<b>0</b>	<b>242,876,416</b>	<b>32,459,937</b>	<b>908,600,830</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2019</b>	0	(372,918,438)	0	(156,256,964)	0	(529,175,402)
Depreciation	0	(7,656,848)	0	(7,387,499)	0	(15,044,347)
Disposals/Impairments	0	1,796,341	0	796,774	0	2,593,115
Transfer between asset categories	0	(5,373)	0	933,252	0	927,879
<b>As at 30 June 2019</b>	<b>0</b>	<b>(378,784,318)</b>	<b>0</b>	<b>(161,914,437)</b>	<b>0</b>	<b>(540,698,755)</b>
<b>Net carrying amount as at 1 January 2019</b>	<b>104,358,050</b>	<b>146,443,674</b>	<b>0</b>	<b>81,786,307</b>	<b>34,074,420</b>	<b>366,662,451</b>
<b>Net carrying amount as at 30 June 2019</b>	<b>103,829,317</b>	<b>150,650,842</b>	<b>0</b>	<b>80,961,979</b>	<b>32,459,937</b>	<b>367,902,075</b>

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2020</b>	103,350,635	535,951,087	0	247,981,148	44,292,962	931,575,832
New acquisitions	0	0	0	0	10,337,141	10,337,141
Disposals/Impairments	(40,335)	0	0	(770,073)	(3,872)	(814,281)
Transfer between asset categories	0	(572,006)	0	55,781	(72,736)	(588,961)
Transfer from ongoing investments	11,027	17,568,900	0	15,837,352	(33,417,280)	0
Transfer to investment property	0	0	0	0	(287,472)	(287,472)
<b>As at 30 June 2020</b>	<b>103,321,327</b>	<b>552,947,982</b>	<b>0</b>	<b>263,104,208</b>	<b>20,848,743</b>	<b>940,222,259</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2020</b>	0	(381,759,290)	0	(161,585,211)	0	(543,344,501)
Depreciation	0	(7,840,861)	0	(8,461,300)	0	(16,302,161)
Disposals/Impairments	0	0	0	706,072	0	706,072
<b>As at 30 June 2020</b>	<b>0</b>	<b>(389,600,151)</b>	<b>0</b>	<b>(169,340,439)</b>	<b>0</b>	<b>(558,940,590)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>103,350,635</b>	<b>154,191,797</b>	<b>0</b>	<b>86,395,937</b>	<b>44,292,962</b>	<b>388,231,331</b>
<b>Net carrying amount as at 30 June 2020</b>	<b>103,321,327</b>	<b>163,347,830</b>	<b>0</b>	<b>93,763,769</b>	<b>20,848,743</b>	<b>381,281,668</b>

## 14. Investment in subsidiaries

Investments in subsidiaries are eliminated from the Group's financial statements during consolidation.

(in EUR)	Petrol d.d. 2020	2019
<b>As at 1 January</b>	<b>341,346,801</b>	<b>326,416,061</b>
New acquisitions	8,507,012	15,833,420
Disposals	(56,610)	0
Impairment	(3,047,825)	0
<b>As at 30 June</b>	<b>346,749,377</b>	<b>342,249,481</b>

When testing investment impairment indicators, the Company determined that the carrying amount of investments in Petrol Crna Gora MNE d.o.o. and Petrol d.o.o. Beograd exceed their fair value and value in use. Therefore, the Company impaired the value of investment in Petrol Crna Gora MNE by EUR 1,937,478 and Petrol d.o.o. Beograd by EUR 1,110,347 based on the internal value assessment.

To assess the value of investments, the Company used the discounted cash flow model. The valuation is based on data about the past operations and assumptions regarding the future operation of the companies. Future cash flows consider current business performance of the

companies without activities related to capital expenditures. Growth rates of residual cash flows are estimated based on the expected inflation rates.

For the calculation of impairment in Petrol Crna Gora MNE d.o.o. the Company used the following assumptions: cash flow forecast for nine years, discounting rate of 12 percent and the expected growth rate of 2 percent for calculation of the residual value.

For the calculation of impairment in Petrol d.o.o. Beograd the Company used the following assumptions: cash flow forecast for ten years, discounting rate of 11 percent and the expected growth rate of 2 percent for calculation of the residual value.

## 15. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
<b>As at 1 January</b>	<b>610,273</b>	<b>1,774,437</b>	<b>233,000</b>	<b>1,347,380</b>
Attributed profit/loss	115,108	144,092	0	0
Dividends received	(172,934)	(150,000)	0	0
Foreign exchange differences	(371)	251	0	0
<b>As at 30 June</b>	<b>552,076</b>	<b>1,768,780</b>	<b>233,000</b>	<b>1,347,380</b>

## 16. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
<b>As at 1 January</b>	<b>54,655,607</b>	<b>50,917,836</b>	<b>29,939,454</b>	<b>27,364,454</b>
Attributed profit/loss	490,478	375,645	0	0
Dividends received	(535,086)	(758,716)	0	0
Decrease	(753,977)	0	(753,977)	0
Foreign exchange differences	(9,702)	0	0	0
<b>As at 30 June</b>	<b>53,847,320</b>	<b>50,534,765</b>	<b>29,185,477</b>	<b>27,364,454</b>

## 17. Financial assets at fair value through comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
<b>As at 1 January</b>	<b>4,528,987</b>	<b>9,168,566</b>	<b>2,117,914</b>	<b>1,374,993</b>
New acquisitions	1,398,705	0	1,398,705	0
Impairment	(948,705)	0	(948,705)	0
<b>As at 30 June</b>	<b>4,978,987</b>	<b>9,168,566</b>	<b>2,567,914</b>	<b>1,374,993</b>

## 18. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Spare parts and materials inventories	2,934,457	2,571,263	2,558,298	2,247,058
Merchandise:	120,566,477	173,119,215	82,053,754	126,182,736
- fuel	70,697,938	119,040,323	52,171,132	98,178,227
- other petroleum products	538,184	859,126	107,343	102,643
- other merchandise	49,330,355	53,219,766	29,775,279	27,901,866
<b>Total inventories</b>	<b>123,500,934</b>	<b>175,690,478</b>	<b>84,612,052</b>	<b>128,429,794</b>

## 19. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Loans granted	7,443,377	8,729,075	12,471,801	7,354,443
Adjustment to the value of loans granted	(4,507,711)	(1,262,321)	(3,807,728)	(860,043)
Time deposits with banks (3 months to 1 year)	588,152	195,782	0	0
Interest receivables	1,370,049	1,245,217	6,215,772	5,832,807
Allowance for interest receivables	(1,318,298)	(1,206,125)	(5,643,841)	(5,479,163)
<b>Total current financial receivables</b>	<b>3,575,569</b>	<b>7,701,628</b>	<b>9,236,003</b>	<b>6,848,043</b>

## 20. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Trade receivables	371,964,323	503,825,514	261,052,236	344,855,450
Allowance for trade receivables	(51,840,081)	(50,474,124)	(33,971,795)	(33,213,942)
Operating receivables from state and other institutions	4,026,083	12,670,165	207,288	201,981
Operating interest receivables	1,712,802	1,911,484	2,933,603	3,100,614
Allowance for interest receivables	(1,541,849)	(1,669,414)	(1,503,167)	(1,630,227)
Receivables from insurance companies (loss events)	754,165	799,148	649,246	659,553
Other operating receivables	14,435,811	7,300,800	10,695,910	6,587,940
Allowance for other receivables	(271,030)	(231,455)	(3,548)	0
<b>Total current operating receivables</b>	<b>339,240,224</b>	<b>474,132,118</b>	<b>240,059,773</b>	<b>320,561,369</b>

## 21. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Assets arising from commodity swaps	2,248,607	495,381	2,248,607	359,549
Assets arising from forward contracts	296,224	34,530	296,224	34,530
<b>Total financial assets at fair value through profit or loss</b>	<b>2,544,831</b>	<b>529,911</b>	<b>2,544,831</b>	<b>394,078</b>

## 22. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Prepayments	93,344,515	73,713,524	30,468,477	21,716,152
Prepaid subscriptions, specialised literature, etc.	1,775,578	914,471	1,485,797	768,126
Prepaid insurance premiums	459,768	510,661	315,807	347,423
Other deferred costs	5,598,625	3,469,056	4,108,472	765,871
<b>Total prepayments and other assets</b>	<b>101,178,486</b>	<b>78,607,712</b>	<b>36,378,553</b>	<b>23,597,572</b>

## 23. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<b>Current financial liabilities</b>				
Bank loans	26,394,467	26,252,606	24,537,447	24,554,070
Liabilities to banks arising from commodity swaps	8,341,769	6,183,317	8,341,769	6,104,307
Liabilities to banks arising from interest rate swaps	5,359,317	5,045,370	5,186,126	4,812,230
Bonds issued	57,682	253,723	57,682	253,723
Liabilities to banks arising from forward contracts	18,073	811,542	18,073	811,542
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	670,530	437,238	73,241,791	65,116,744
	<b>40,841,838</b>	<b>38,983,796</b>	<b>113,951,735</b>	<b>104,221,462</b>
<b>Non-current financial liabilities</b>				
Bank loans	231,792,425	243,866,632	181,705,272	193,695,821
Bonds issued	43,798,079	43,794,326	43,798,079	43,794,326
Loans obtained from other companies	378,789	96,830	44,636,849	44,636,849
	<b>275,969,293</b>	<b>287,757,788</b>	<b>270,140,202</b>	<b>282,126,997</b>
<b>Total financial liabilities</b>	<b>316,811,131</b>	<b>326,741,584</b>	<b>384,091,937</b>	<b>386,348,459</b>

## 24. Lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Non-current lease liabilities	57,291,279	62,893,671	29,198,201	31,307,247
Current lease liabilities	9,297,807	9,718,871	3,350,713	3,500,072
<b>Total lease liabilities</b>	<b>66,589,086</b>	<b>72,612,542</b>	<b>32,548,914</b>	<b>34,807,319</b>

## 25. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Trade liabilities	275,464,758	422,816,785	227,894,298	344,918,615
Excise duty liabilities	83,031,770	56,222,534	82,867,214	51,375,029
Value added tax liabilities	42,435,812	32,671,428	32,777,601	13,409,885
Liabilities to employees	15,576,852	12,494,387	12,492,024	9,875,788
Other liabilities to the state and other state institutions	12,106,543	4,357,665	2,436,738	2,503,588
Environment pollution charge liabilities	8,448,395	8,995,979	8,257,197	8,668,158
Liabilities arising from interests acquired	3,221,515	6,086,864	2,997,694	5,845,754
Liabilities associated with the allocation of profit or loss	1,898,851	608,792	608,791	608,792
Import duty liabilities	1,761,501	1,749,912	0	0
Social security contribution liabilities	1,449,246	1,021,092	723,513	727,961
Other liabilities	3,357,080	5,125,835	1,040,603	1,584,809
<b>Total current operating and other liabilities</b>	<b>448,752,323</b>	<b>552,151,273</b>	<b>372,095,673</b>	<b>439,518,379</b>

## 26. Contract liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Short-term prepayments and collaterals given	15,080,168	13,667,005	13,576,087	11,801,143
Deferred revenue from rebates granted	1,797,274	638,669	1,521,945	254,434
Deferred prepaid card revenue	1,176,490	1,613,874	1,073,342	1,467,400
Other	0	2,083	0	0
<b>Total liabilities arising from contracts with customers</b>	<b>18,053,932</b>	<b>15,921,631</b>	<b>16,171,374</b>	<b>13,522,977</b>

## 27. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Accrued annual leave expenses	2,695,004	2,716,757	1,839,744	1,839,744
Accrued expenses for tanker demurrage	430,128	552,664	430,128	545,873
Accrued concession fee costs	223,911	274,601	223,911	274,601
Accrued motorway site lease payments	0	108,859	0	108,859
Other accrued costs	7,990,434	10,916,587	1,026,552	6,659,610
Other deferred revenue	1,974,522	1,691,101	1,825,095	1,545,361
<b>Total other liabilities</b>	<b>13,313,999</b>	<b>16,260,569</b>	<b>5,345,430</b>	<b>10,974,048</b>

## 28. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the interim report, in the chapter *Risk management*.

The impact of the Corona virus pandemic (COVID-19) on the Petrol Group's operations and risk management is reported also in Chapter *Impact of the pandemic on the Petrol Group's operations*.

### Credit risk

In the first six months of the year 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.

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 30 June 2020:

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Financial assets at fair value through other comprehensive income	4,978,987	4,528,987	2,567,914	2,117,914
Non-current financial receivables	2,393,120	5,017,649	34,741,624	31,876,297
Non-current operating receivables	8,914,717	8,389,853	8,894,013	8,368,720
Contract assets	1,708,369	1,819,842	3,056,787	2,095,457
Current financial receivables	3,575,569	7,701,628	9,236,003	6,848,043
Current operating receivables (excluding receivables from the state)	335,214,141	461,461,953	239,852,485	320,359,388
Financial assets at fair value through profit or loss	2,544,831	529,911	2,544,831	394,078
Cash and cash equivalents	131,572,398	41,730,269	65,983,612	17,680,102
<b>Total assets</b>	<b>490,902,132</b>	<b>531,180,092</b>	<b>366,877,268</b>	<b>389,739,999</b>

The category that was most exposed to credit risk on the reporting date were current operating receivables.

The Group's short-term operating receivables by maturity:

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
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
<b>Total as at 31 December 2019</b>	<b>416,816,394</b>	<b>32,493,054</b>	<b>9,444,956</b>	<b>817,412</b>	<b>1,890,137</b>	<b>461,461,953</b>
(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	276,960,444	29,698,486	6,821,007	3,564,351	3,079,954	320,124,242
Interest receivables	49,285	23,541	16,529	11,535	70,063	170,953
Other receivables (excluding receivables from the state)	14,291,254	126,382	2,760	2,864	495,686	14,918,946
<b>Total as at 30 June 2020</b>	<b>291,300,983</b>	<b>29,848,409</b>	<b>6,840,296</b>	<b>3,578,750</b>	<b>3,645,703</b>	<b>335,214,141</b>

The Company's short-term operating receivables by maturity:

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
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
<b>Total as at 31 December 2019</b>	<b>282,745,448</b>	<b>20,784,063</b>	<b>6,922,672</b>	<b>386,633</b>	<b>9,520,572</b>	<b>320,359,388</b>
(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	196,834,108	15,357,600	4,670,388	1,948,820	8,269,525	227,080,441
Interest receivables	0	0	0	0	1,430,436	1,430,436
Other receivables (excluding receivables from the state)	10,866,257	88,920	803	15	385,613	11,341,608
<b>Total as at 30 June 2020</b>	<b>207,700,365</b>	<b>15,446,520</b>	<b>4,671,191</b>	<b>1,948,835</b>	<b>10,085,574</b>	<b>239,852,485</b>

The Group/Company measures the degree of receivables management using day's sales outstanding.

(in days)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-12 2019	1-6 2020	1-12 2019
<b>Days sales outstanding</b>				
Contract days	39	41	35	36
Overdue receivables in days	4	4	4	4
<b>Total days sales outstanding</b>	<b>43</b>	<b>45</b>	<b>39</b>	<b>40</b>

## Liquidity risk

Due to the uncertainties we faced during the epidemic, the Petrol Group paid special attention to managing liquidity risk.

We still have a key objective for the Group / Company to successfully manage its liquidity risk in accordance with the guidelines of Standard & Poor's.



The Group/Company manages liquidity risks through:

- sustainable debt 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 by the Petrol Group;
- daily planning and cash flow simulations for the parent company and its subsidiaries, two or three months in advance, which is an extremely important tool at this time;
- unified 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.

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 cash flow planning estimating the decrease in inflows due to the decrease in sales, as we have not recorded in the entire history of Petrol, enabled us timely or good liquidity forecast and optimal cash flow management at the Group level. A strong liquidity position also allows us to settle all liabilities on the due date.

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 as at 31 December 2019 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 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
Long term lease liabilities	62,893,671	77,846,437	0	0	35,565,932	42,280,505
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	12,051,137	6,126,874	5,924,263	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 advance payments)	434,638,276	434,638,276	434,304,146	334,130	0	0
<b>As at 31 December 2019</b>	<b>834,016,402</b>	<b>1,441,431,152</b>	<b>748,307,539</b>	<b>273,339,259</b>	<b>366,009,421</b>	<b>53,774,933</b>

The Group's liabilities as at 30 June 2020 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	275,969,293	284,392,001	0	0	272,279,697	12,112,304
Long term lease liabilities	57,291,279	72,806,041	0	0	32,185,385	40,620,655
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	40,841,838	43,095,892	29,053,624	14,042,268	0	0
Current lease liabilities	9,297,807	11,282,039	5,731,431	5,550,608	0	0
Liabilities arising from commodity forward contracts*	-	533,010,228	290,014,120	103,563,161	139,432,947	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	283,942,204	283,942,204	283,439,854	502,350	0	0
<b>As at 30 June 2020</b>	<b>667,366,421</b>	<b>1,228,552,404</b>	<b>608,239,028</b>	<b>123,658,388</b>	<b>443,922,029</b>	<b>52,732,960</b>



## The Company's liabilities as at 31 December 2019 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 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
Long term lease liabilities	31,307,247	44,772,725	0	0	13,272,342	31,500,383
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	104,221,462	105,157,702	37,482,425	67,675,276	0	0
Current lease liabilities	3,500,072	4,757,168	2,459,159	2,298,009	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 advance payments)	352,957,970	352,957,970	352,904,902	53,068	0	0
Contingent liabilities for ruarantees issued	-	187,793,007	187,793,007	0	0	0
<b>As at 31 December 2019</b>	<b>774,137,747</b>	<b>1,554,681,474</b>	<b>855,814,781</b>	<b>318,430,661</b>	<b>337,522,471</b>	<b>42,913,561</b>

## The Company's liabilities as at 30 June 2020 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	270,140,202	275,534,077	0	0	264,204,981	11,329,096
Long term lease liabilities	29,198,201	40,881,172	0	0	12,597,346	28,283,826
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	113,951,735	116,355,288	72,806,064	43,549,224	0	0
Current lease liabilities	3,350,713	4,453,390	2,298,009	2,155,381	0	0
Liabilities arising from commodity forward contracts*	-	527,409,045	284,412,937	103,563,161	139,432,947	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	232,541,386	232,541,386	232,409,290	132,096	0	0
Contingent liabilities for ruarantees issued	-	188,397,424	188,397,424	0	0	0
<b>As at 30 June 2020</b>	<b>649,206,237</b>	<b>1,385,595,782</b>	<b>780,323,724</b>	<b>149,399,862</b>	<b>416,259,274</b>	<b>39,612,922</b>

\*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.

## Foreign exchange risk

As far as foreign exchange risks are concerned, the Group/Company is mostly exposed to the risk of changes in the EUR/USD exchange rate. Petroleum products are generally purchased in US dollars and sold in local currencies. For government-regulated fuels, hedging is performed in accordance with the Group's foreign exchange risk management policies prepared on the basis of the Decree Setting Prices for certain Petroleum Products, whereas for fuels with market-determined prices, internal Rules on the Pricing of Mineral Fuels are used. Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is thus fixed at the rate recognised under the Decree on Setting Prices for Certain Petroleum Products and the internal rules, and the margin is secured. The hedging instruments used in this case are forward contracts entered into with banks. There was no need to change the exchange rate hedging system at the time of the epidemic and the fall in oil prices.

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 risk as minimal.

The Group is exposed to foreign exchange risks also due to its presence in South-eastern Europe. Considering the low volatility of local currency exchange rates in South-eastern 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 the first six months of 2020, the Group/Company was also exposed to certain other currencies (RON, HUF), which were hedged using derivative financial instruments.

Exposure to the exchange rates on other markets where the Group/Company is present with its companies is either smaller or their rates against the euro are significantly less volatile. We estimate that the change in the exchange rate would not have a significant impact on the operating profit.

The Group/Company regularly monitors its open currency position and sensitivity based on the VaR method for all currencies to which it is exposed.

### **Price and volumetric risk**

The Group/Company is exposed to price and volumetric risks deriving from energy commodities. The Group/Company manages price and volumetric risks primarily by aligning purchases and sales of energy commodities in terms of quantities as well as purchase and sales conditions, thus securing its margin. Potential residual mismatches are hedged with derivative financial instruments. Depending on the business model for each energy commodity, appropriate limit systems are in place that limit exposure to price and volumetric risks.

The Group/Company hedges energy commodity prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods. The Group/Company considers the counterparty default risk as minimal.

### **Interest rate risk**

The source of interest rate risks are loans with a floating interest rate that are mostly Euribor based.

In the first six months of 2020, the Group/Company continued to monitor the limit corresponding to changes in net interest expense.

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 Euribor-based,
- partly through interest rate swaps and
- funding 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.

### **Capital Adequacy Management**

The main purpose of capital adequacy management is to ensure the best possible financial stability, 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.

In the first six months of 2020, despite the impact of the epidemic, the Petrol Group continued to pursue its strategic orientation to drive down financial debt and to improve the net debt to equity ratio through good operating performance and disposal of non-core assets.

## Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	30 June 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-derivative financial assets at fair value</b>				
Financial assets at fair value through other comprehensive income	4.978.987	4.978.987	4.528.987	4.528.987
<b>Non-derivative financial assets at amortised cost</b>				
Financial receivables (excluding derivative financial instruments)	5.968.689	5.968.689	12.719.277	12.719.277
Operating receivables (excluding receivables from the state)	344.128.858	344.128.858	469.851.806	469.851.806
Cash and cash equivalents	131.572.398	131.572.398	41.730.269	41.730.269
<b>Total non-derivative financial assets</b>	<b>486.648.932</b>	<b>486.648.932</b>	<b>528.830.339</b>	<b>528.830.339</b>
<b>Non-derivative financial liabilities at amortised cost</b>				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(303.091.972)	(303.091.972)	(314.701.355)	(314.701.355)
Lease liabilities	(66.589.086)	(66.589.086)	(72.612.542)	(72.612.542)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(283.966.204)	(283.966.204)	(434.662.276)	(434.662.276)
<b>Total non-derivative financial liabilities</b>	<b>(653.647.262)</b>	<b>(653.647.262)</b>	<b>(821.976.173)</b>	<b>(821.976.173)</b>
<b>Derivative financial instruments at fair value</b>				
Derivative financial instruments (assets)	2.544.831	2.544.831	529.911	529.911
Derivative financial instruments (liabilities)	(13.719.159)	(13.719.159)	(12.040.229)	(12.040.229)
<b>Total derivative financial instruments</b>	<b>(11.174.328)</b>	<b>(11.174.328)</b>	<b>(11.510.318)</b>	<b>(11.510.318)</b>

(in EUR)	Petrol d.d.			
	30 June 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-derivative financial assets at fair value</b>				
Financial assets at fair value through other comprehensive income	2.567.914	2.567.914	2.117.914	2.117.914
<b>Non-derivative financial assets at amortised cost</b>				
Financial receivables (excluding derivative financial instruments)	43.977.627	43.977.627	38.724.340	38.724.340
Operating receivables (excluding receivables from the state)	248.746.498	248.746.498	328.728.108	328.728.108
Cash and cash equivalents	65.983.612	65.983.612	17.680.102	17.680.102
<b>Total non-derivative financial assets</b>	<b>361.275.651</b>	<b>361.275.651</b>	<b>387.250.463</b>	<b>387.250.463</b>
<b>Non-derivative financial liabilities at amortised cost</b>				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(367.977.122)	(367.977.122)	(372.051.534)	(372.051.534)
Lease liabilities	(32.548.914)	(32.548.914)	(34.807.319)	(34.807.319)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(232.565.386)	(232.565.386)	(352.981.970)	(352.981.970)
<b>Total non-derivative financial liabilities</b>	<b>(633.091.422)</b>	<b>(633.091.422)</b>	<b>(759.840.823)</b>	<b>(759.840.823)</b>
<b>Derivative financial instruments at fair value</b>				
Derivative financial instruments (assets)	2.544.831	2.544.831	394.078	394.078
Derivative financial instruments (liabilities)	(16.114.815)	(16.114.815)	(14.296.925)	(14.296.925)
<b>Total derivative financial instruments</b>	<b>(13.569.985)</b>	<b>(13.569.985)</b>	<b>(13.902.847)</b>	<b>(13.902.847)</b>

## 29. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
<b>Sales revenue:</b>				
Subsidiaries	-	-	109,556,552	159,651,037
Jointly controlled entities	277,334	468,314	38,989	24,835
Associates	13,484	9,720	13,484	9,720
<b>Cost of goods sold:</b>				
Subsidiaries	-	-	23,896,369	22,077,391
Jointly controlled entities	55,372	103,703	0	0
<b>Cost of materials:</b>				
Subsidiaries	-	-	140,620	169,482
Jointly controlled entities	894	1,878	333	576
<b>Cost of services:</b>				
Subsidiaries	-	-	356,951	400,072
<b>Gain of derivatives:</b>				
Subsidiaries	-	-	728,088	245,504
<b>Loss on derivatives:</b>				
Subsidiaries	-	-	1,366,635	850,865
<b>Finance income from interests in Group companies:</b>				
Subsidiaries	-	-	2,099,057	0
Jointly controlled entities	115,108	144,092	172,934	150,000
Associates	490,478	375,645	535,086	758,716
<b>Finance income from interest:</b>				
Subsidiaries	-	-	275,219	144,550
Jointly controlled entities	803	249	803	249
Associates	0	12	0	12
<b>Other finance income:</b>				
Subsidiaries	-	-	104,868	82,188
Associates	840	890	840	890
<b>Finance expenses due to impairment of investments:</b>				
Subsidiaries	0	0	3,047,825	0
<b>Finance expenses for interest:</b>				
Subsidiaries	-	-	480,545	511,306
Jointly controlled entities	0	72	0	72
<b>Allowance for operating receivables:</b>				
Jointly controlled entities	20,013	0	20,013	0

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<b>Investments in Group companies:</b>				
Subsidiaries	-	-	346,749,377	341,346,801
Jointly controlled entities	552,076	610,273	233,000	233,000
Associates	53,847,320	54,655,607	29,185,477	29,939,454
<b>Non-current financial receivables:</b>				
Subsidiaries	-	-	33,704,252	30,838,499
Jointly controlled entities	384,506	3,386,400	539,506	3,541,400
<b>Contract assets:</b>				
Subsidiaries	-	-	1,548,289	531,449
<b>Current operating receivables:</b>				
Subsidiaries	-	-	17,841,879	20,455,188
Jointly controlled entities	27,527	111,605	1,122	7,387
Associates	312	533	312	533
<b>Current financial receivables:</b>				
Subsidiaries	-	-	7,095,060	5,365,733
Jointly controlled entities	583,994	201,281	583,994	201,281
<b>Short-term deposits (up to 3 months):</b>				
Subsidiaries	-	-	50,166	0
<b>Non-current financial liabilities:</b>				
Subsidiaries	-	-	44,636,849	44,636,849
<b>Current financial liabilities:</b>				
Subsidiaries	-	-	75,592,515	67,467,465
Jointly controlled entities	125,000	125,012	125,000	125,012
<b>Current operating liabilities:</b>				
Subsidiaries	-	-	1,796,098	9,262,126
Jointly controlled entities	13,352	28,200	0	0
<b>Current accrued costs and expenses:</b>				
Subsidiaries	-	-	314,516	3,432,743
<b>Contract liabilities:</b>				
Subsidiaries	-	-	1,675	1,675

### 30. Contingent liabilities

#### Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Guarantee issued to:	<b>Value of guarantee issued</b>		<b>Guarantee amount used</b>	
Petrol d.o.o.	106,543,493	102,091,025	71,852,545	76,293,834
Geoplin d.o.o. Ljubljana	28,000,000	28,000,000	3,901,204	2,174,815
Vjetroelektrarna Ljubač d.o.o.	23,792,130	23,792,130	0	0
Petrol d.o.o. Beograd	7,621,701	6,580,000	432,733	466,736
Petrol BH Oil Company d.o.o. Sarajevo	4,466,135	4,466,135	2,536,840	2,200,742
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	1,800,000
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Crna Gora MNE d.o.o.	590,000	590,000	20,911	97,770
<b>Total</b>	<b>174,924,768</b>	<b>169,430,599</b>	<b>81,455,543</b>	<b>83,945,206</b>
Other guarantees	4,383,857	5,019,756	4,383,857	4,924,665
Bills of exchange issued as security	9,088,799	13,342,652	9,088,799	13,342,652
<b>Total contingent liabilities for guarantees issued</b>	<b>188,397,424</b>	<b>187,793,007</b>	<b>94,928,199</b>	<b>102,212,523</b>

The value of a guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability 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 21,849,972 EUR. 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, which stood at EUR 274,173 as at 30 June 2020.

The total value of lawsuits against the Group as defendant and debtor totals EUR 22,075,074. 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, which stood at EUR 377,634 as at 30 June 2020.

### 31. Events after the reporting date

The appearance of the virus and the global pandemic also affect the Petrol Group's operations. The impacts are presented in more detail in the chapter Impact of the pandemic on the Petrol Group's operations.

There were no events after the reporting date that would significantly affect the financial statements for the first six months of year 2020.

**APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP**

The Petrol Group as at 30 June 2020	SALES	ENERGY AND ENVIRONMENTAL SOLUTIONS	PRODUCTION OF RENEWABLE ELECTRICITY	MOBILITY
<b>The parent company</b>				
PETROL d.d., LJUBLJANA	✓	✓	✓	✓
<b>Subsidiaries</b>				
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%)				
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%)	✓	✓		
<b>Jointly controlled entities</b>				
PETROL OTI SLOVENIJA L.L.C. (51%)	✓			
PETROL - OTI - TERMINAL L.L.C. (100%)	✓			
GEOENERGO d.o.o. (50%)		✓		
VJETROELEKTRANA DAZLINA d.o.o. (50%)			✓	
SOENERGETIKA d.o.o. (25%)		✓		
<b>Associates</b>				
PLINHOLD d.o.o. Ljubljana (29.6985%)		✓		
AQUASYSTEMS d.o.o. (26%)		✓		
IVICOM ENERGY d.o.o., Žagubica (25%)			✓	