

Strategy of the Petrol Group 2021 – 2025 Summary



January 2021

PETROL

PETROL ADOPTS AN AMBITIOUS STRATEGY OF THE PETROL GROUP FOR THE PERIOD 2021 – 2025

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

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

The new strategy of the Petrol Group defines clear targets for implementing our vision to become an integrated partner in the energy transition, offering an excellent user experience. This helps us focus on our core business, which is to supply energy products, as it is this area where we still see great potential and opportunities in connection with the energy transformation.

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

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

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

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

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

- Slovenia, where we will consolidate our position of a leading energy company and partner in the energy transition;

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

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

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

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

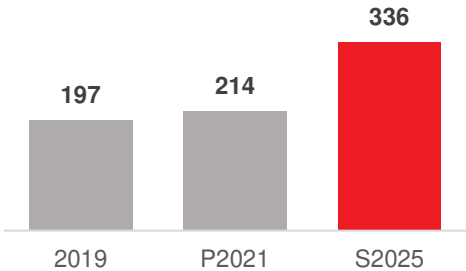
Financial projections take into account the impact of Covid-19 in the first quarter of 2021 and assume that the vaccination coverage of the population will have been achieved by mid-2021. In accordance with the projections of international financial institutions, economic recovery is expected to be V-shaped

By achieving the goals, we will strengthen long-term financial stability of the Petrol Group. Through a stable dividend policy, we will ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Petrol Group's investment plans. This will allow for long-term growth and development of the Group, maximising its value for the owners. The dividend policy target for the strategic period 2021 – 2025 is 50 percent of the Group's net profit, taking into account the investment cycle, Group indicators and the achieved objectives.

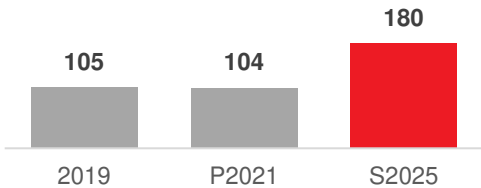
Key indicators

In 2025, EBITDA is expected to amount to EUR 336 million and net profit to EUR 180 million.

EBITDA (EUR million)

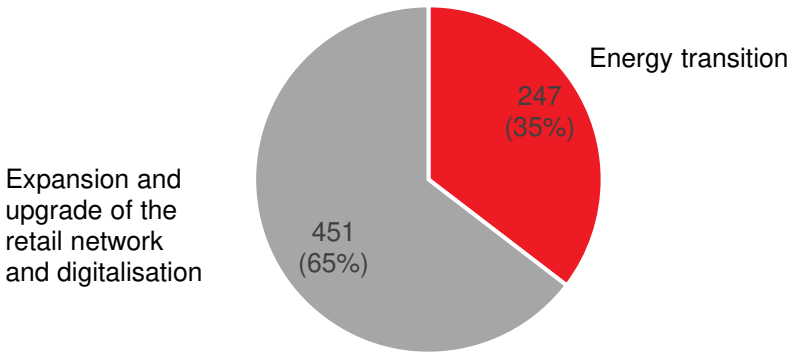


Net profit (EUR million)

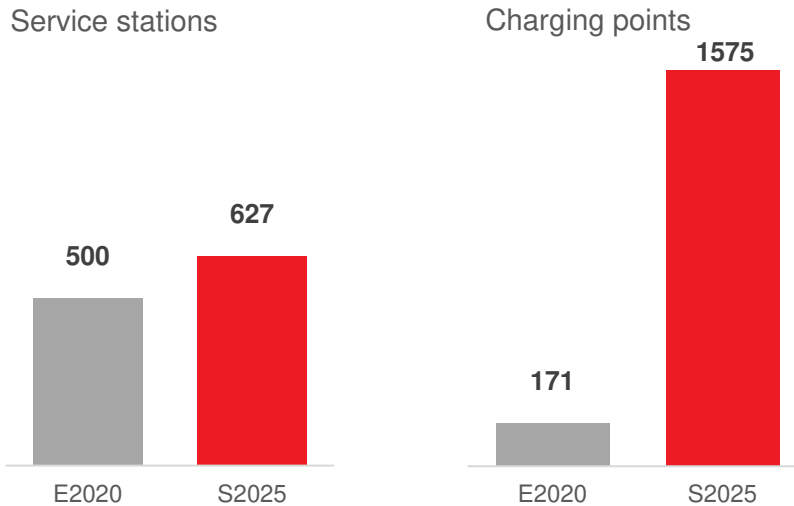


Investments are expected to total EUR 698 million in the period 2021 – 2025, of which 35 percent will be dedicated to the energy transition.

CAPEX (EUR million)



By the end of 2025, the number of service stations in all markets will have totalled 627 and the charging infrastructure for electric vehicles will have consisted of 1,575 charging points.



At the end of 2025, we will produce 160 MW of electricity from renewable energy sources, which is 78 percent more than in 2020. Energy savings of 73 GWh for end-customers will be achieved through energy renovation projects.

