ANNUAL REPORT 2021

PETROL

Energy for life

PETROL VALUES

Respect: We respect the fellow men and the environment.

Trust: We build a partnership with fairness.

Excellence: We want to be the best at everything we do.

Creativity: We make progress with our ideas.

Courage: We work diligently and bravely.

ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA, 2021

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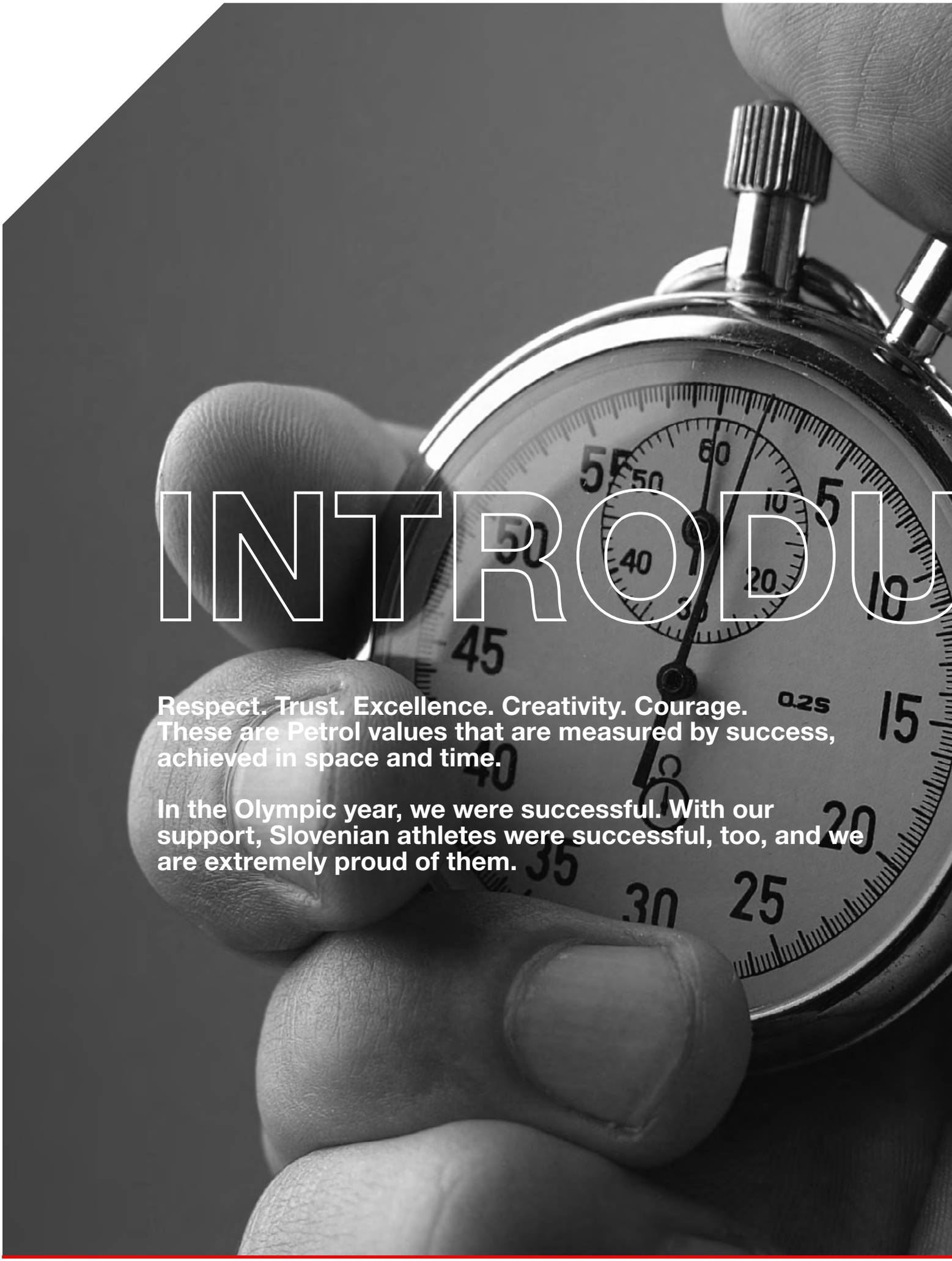


INTRODU

Respect. Trust. Excellence. Creativity. Courage. These are Petrol values that are measured by success, achieved in space and time.

In the Olympic year, we were successful. With our support, Slovenian athletes were successful, too, and we are extremely proud of them.


UCTION

BUSINESS HIGHLIGHTS OF 2021

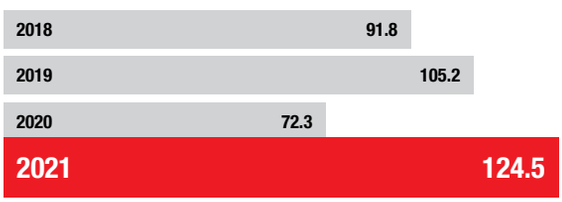
THE PETROL GROUP	Unit	2021	2020	Index 2021/2020
Sales revenue	EUR million	**4,960.1**	3,079.4	161
Adjusted gross profit[1]	EUR million	**543.4**	426.9	127
Operating profit	EUR million	**159.0**	91.6	174
Net profit	EUR million	**124.5**	72.3	172
Equity	EUR million	**908.7**	826.7	110
Total assets	EUR million	**2,383.5**	1,792.1	133
EBITDA[1]	EUR million	**238.1**	166.6	143
EBITDA/Adjusted gross profit[1]	%	**43.8**	39.0	112
Operating costs/Adjusted gross profit[1]	%	**78.2**	85.8	91
Net debt/Equity[1]		**0.56**	0.40	140
Net debt/EBITDA[1]		**2.1**	2.0	108
ROE[1]	%	**14.3**	8.8	162
ROCE[1]	%	**11.4**	7.4	155
Added value per employee[1]	EUR thousand	**70.1**	56.8	124
Earnings per share	EUR	**60.6**	35.2	172
Share price as at last trading day of the year	EUR	**508.0**	325.0	156
Net investments[1]	EUR million	**233.2**	85.4	273
Volume of petroleum products sold	thousand tons	**3,143.7**	3,012.7	104
Volume of liquefied petroleum gas sold	thousand tons	**141.2**	148.8	95
Volume of natural gas sold	TWh	**36.0**	27.2	133
Volume of electricity sold	TWh	**15.1**	19.9	76
- of which sale of electricity to end customers	TWh	**3.6**	1.7	210
Revenue from merchandise sales	EUR million	**487.2**	446.9	109

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

THE PETROL GROUP	Unit	31 December 2021	31 December 2020	Index 2021/2020
Number of employees		**6,237**	5,157	121
Number of service stations		**593**	500	119
Number of e-charging points operated by the Petrol Group		**296**	184	161
Number of electricity customers	thousand	**224.6**	92.1	244
Number of natural gas customers (data for Geoplin d.o.o., Ljubljana are not included)	thousand	**47.4**	50.1	94

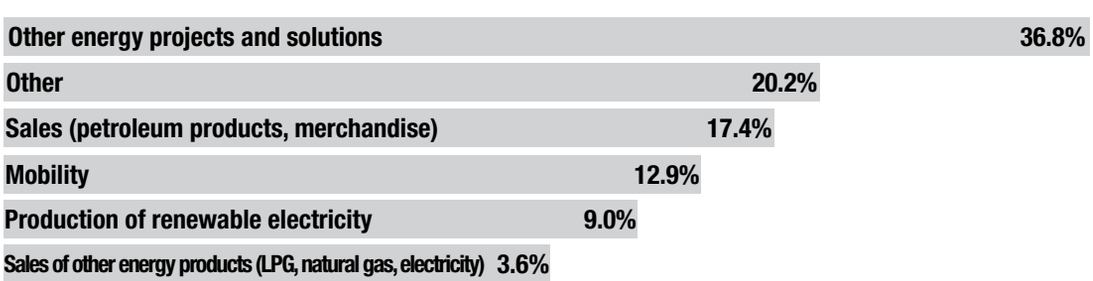
EBITDA skupine Petrol (EUR million)

NET PROFIT OR LOSS (EUR million)



NET DEBT/EBITDA (EUR million)

STRUCTURE OF INVESTED ASSETS excluding acquisitions of companies



VOLUME OF PETROLEUM PRODUCTS SOLD (million tons)

NUMBER OF SERVICE STATIONS

LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear shareholders, business partners and co-workers,

2021 was a time in which our perseverance, readiness for change and confidence in the future were put to the test. Petrol successfully adapted its operations to fit the measures to mitigate the pandemic, faced emergencies in global energy markets and, despite the challenges posed throughout the year, confidently followed the set strategic and annual business goals. As one of the largest and most ambitious energy companies in the region, we are building the future through partnerships with the economy, the public sector, households and other stakeholders through an integrated sustainable offer.

A Volatile Business Environment

The business environment was anything but peaceful and supportive in 2021. Among the external circumstances that co-created the conditions of our operations are the continuation of the COVID-19 epidemic and the state's measures to mitigate its consequences. They were less restrictive in 2021 than in the year before. Another factor that has directly affected all energy companies, and indirectly many industries and other subsystems of society, is the energy crisis. In 2021, it manifested through a high and unpredictable rise in the prices of fuels and energy products, especially electricity and natural gas, which reached historical price levels. Price shocks demanded interventions by the state, such as a temporary restriction on the price of the heating oil in Slovenia and fuel prices in Croatia, and even led to the withdrawal of some providers from the market. Nonetheless, energy transition remains high on the business community's agenda by finding a way to transition to a low-carbon society in which the Petrol Group is already playing an active role. Stable economic growth in Slovenia also had an encouraging effect on our operations in 2021.

As one of the largest and most ambitious energy companies in the region, we are building the future through partnerships with the economy, the public sector, households and other stakeholders through an integrated sustainable offer.

A Clear Vision and Decisive Action in 2021

The Petrol Group closely monitors the volatile developments in the business environment, but this did not obscure its clearly defined path to the energy future. After setting high annual targets for 2021 *(including the highest planned EBITDA in Petrol's history)* in December 2020, we opened 2021 in the same ambitious spirit by adopting the **Strategy of the Petrol Group for the 2021 – 2025 period**. In it, we set a bold vision: “To become an integrated partner in the energy transition, offering an excellent user experience.” We are committed to making a transition to green energy and are devoting significant investments to achieve it. We strive to remain the first choice for energy transition projects in the region by offering integrated services with high added value. Ensuring business growth and increasing the profitability of operations while maintaining the commitment to sustainable development are our main principles.

In January 2021, we completed the **acquisition of E 3, d.o.o.**, which, as one of the largest electricity sellers in Slovenia, makes an important contribution to strengthening the Petrol Group in the sale of electricity. Including E 3, d.o.o., the Petrol Group is the second-largest provider of electricity to end-users in Slovenia with a total market share of 22.6 percent and a total of over 210,000 customers.

We have also not forgotten our commitment to supply the market with quality petroleum products, so in the spring of 2021, we introduced a **new generation of Q max fuels**. They bring lower consumption, greater energy efficiency and lower emissions, and therefore represent another step towards low-carbon mobility. To strengthen market competitiveness and customer satisfaction, we continued to adjust and diversify our offer. We introduced innovative approaches to customers, developed new services and sustainable models. We devoted a lot of attention in sales to upgrading the "Na Poti", OneCharge and mBills digital services, the faster processing of complaints, the introduction of payment counters without entering the point of sale. With the idea of durability and limiting infections in mind, we offered customers the option of pouring Coffee-to-go into their own cups for a lower price.

In 2021, we also left a strong mark on the region. At the end of July 2021, we proudly launched the **Ljubač wind power plant** in Croatia, providing green electricity for more than 30,000 households, which is the second wind farm for the Petrol Group. In October, we successfully completed the **acquisition of Crodux Derivati Dva d.o.o.** This is the largest acquisition of Petrol d.d., Ljubljana, in the last ten years, which significantly contributes to the expansion of the Petrol Group beyond the borders of Slovenia. This consolidated our position as the second-largest supplier of petroleum products in Croatia and increased our market share in Croatia to 23 percent. With this combination of two strong brands, the Petrol Group has increased its team to more than 6,000 employees. Through a strong sales network on the Croatian market, we will expand our customer portfolio in the field of energy products and energy transition services.

One of the greatest fundamental transformations of the industry imaginable is unfolding before our eyes.

Among the key internal efforts, the **reorganisation of the Petrol Group** is worth highlighting. It will contribute to the achievement of the strategic goals of 2021 – 2025 through more efficient processes, the unification and optimisation of the operation of support functions, customer focus and a unified presence on the markets in subsidiaries.

Regarding the energy crisis in 2021, it should be pointed out that the Petrol Group has successfully mitigated the consequences of negative trends in the energy market through a comprehensive energy offer and effective adaptation to the aggravated market conditions. Through an efficient procurement process, we ensured a **stable and reliable supply of fuels and energy products** and comprehensive support for our customers, and through the loyalty programme, additional benefits to mitigate the consequences of negative trends in the energy market. In our opinion, given the trends in the global energy market in 2021, insisting on low energy prices posed greater risks to the operations of energy companies and energy customers than the adjustment of energy prices, so we raised electricity and natural gas prices for households as of 1 December 2021.

Exceeded the annual and strategic targets despite the unfavourable market conditions
Regardless of the uncertain circumstances of the Petrol Group's operations, we are proud to report that in 2021, we achieved ambitious annual targets and also longer-term ones for the strategic period until 2025, despite the fact that not all the assumptions of our annual plan for 2021 have been met. For example, the pandemic was not contained in the first half of 2021.

We managed to mitigate the negative effects of the pandemic and energy crisis on our operation by responding effectively to changing market conditions, adjusting and diversifying supply, cost optimisation and rationalisation of operations. What's more, **we have even exceeded our ambitious goals**. In 2021, the Petrol Group generated EUR 5.0 billion in sales revenue or 13 percent more than in the pre-pandemic year 2019 and 61 percent more than in 2020. The adjusted gross profit totalled EUR 543.4 million, which is 15 percent more than in 2019 and 27 percent more than in 2020. The achieved EBITDA in the amount of EUR 238.1 million is 43 percent higher than in 2020, and the net profit in the amount of EUR 124.5 million exceeded the same indicator from the previous year by 72 percent. In 2021, the Petrol Group allocated EUR 233.2 million for investments in property, plant and equipment, intangible assets and long-term investments.

We are also proud of our regional indicators, which show the strengthening of the Petrol Group's strength in the region of SE Europe. In 2021, we generated 28 percent of operating profit and 31 percent of the EBITDA in the region. According to the number of employees, as many as 47 percent come from the region. In 2022, we intend to further strengthen these regional indicators (with the exception being the number of employees).

The solid operational and financial position of the Petrol Group was also confirmed by Standard & Poor's with the reassignment of the **long-term BBB– credit rating with a stable outlook**.

A **shareholder policy** based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. The Management Board advocates a stable long-term dividend policy, which best fits the Petrol Group's long-term development targets. Petrol d.d., Ljubljana paid the same dividend for 2020 as for 2019, namely EUR 22.0 gross per share.

Commitment to Sustainable Development and Care for Employees

In the Petrol Group, sustainable development is an important part of strategic management. We pay special attention to sustainable reporting, which is why the Petrol Group issued the **Sustainability Report of the Petrol Group for 2020** in July 2021. We received the award of the Finance newspaper for the best annual report among companies that are public interest entities, and the award for the best annual report in sustainable development for 2020.

We are also proud of our recognised efforts in caring for employees. In 2021, as the most distinguished employer in the energy sector, we were the recipient of the **Distinguished Employer 2020** award in the Energy, Utilities, Water and Gas Supply sector. This also places us in the TOP 10 list of the most reputable employers in Slovenia. The fact that we have been among the most reputable and desirable employers among job seekers for many years is also reflected in the high level of internal climate, satisfaction, agility and commitment of employees. At the same time, it is worth highlighting our primary concern for the health of employees and customers under the circumstances of the epidemic. Through good organisation, we ensured that the points of sale operated smoothly and that the employees performed their work efficiently even while working remotely.

Mission: Energy Transformation

2021 was not an easy year for anyone. But that doesn't take the wind out of our sails, as our view goes much further. We are driven by the awareness that we are operating in an industry that plays a critical role in the mission of transitioning to a low-carbon society. One of the greatest fundamental transformations of the industry imaginable is unfolding before our eyes. Experts say that the energy demand will only increase, and the energy landscape will change more in the coming decade than in the last 100 years.

The Petrol Group already feels a part of this exciting global transformation, in which the future of energy will be closely linked to new technologies for clean energy production. This is why we are persistently developing state-of-the-art low-emission fuels, enabling more environmentally friendly mobility, co-creating energy-efficient cities, businesses and homes, building renewable energy sources for green electricity… As an energy company, we are already influencing the transformation of individuals, local communities, companies, the entire economy and contributing to the achievement of the binding environmental goals of our country within the European Union.

The Petrol Group is looking at 2022 with cautious optimism. We are thankful to our customers for always returning to Petrol for fuel, energy and advanced energy and environmental solutions, shareholders for their trust even in uncertain situations, the entire team of employees for endurance and dedication, and business partners for their support and cooperation. We look forward to a joint journey into the energy of the future.

Nada Drobne Popović
President of the Management Board

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY

Pursuant to Article 60a of the Companies Act, members of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana state that the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2021, including the corporate governance statement and the non-financial statement, has been prepared and published in accordance with the Companies Act, the Financial Instruments Market Act and the International Financial Reporting Standards as adopted by the EU.

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

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2021 has been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other consolidated companies as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2021 gives a fair view of the development and results of the Company's operations and its financial position, including the description of the material risks that the company Petrol d.d., Ljubljana and other consolidated companies are exposed to as a whole.

Nada Drobne Popović President of the Management Board	**Jože Bajuk** Member of the Management Board	**Matija Bitenc** Member of the Management Board	**Jože Smolič** Member of the Management Board	**Zoran Gračner** Member of the Management Board and Worker Director

Ljubljana, 10 March 2022

REPORT OF THE SUPERVISORY BOARD

Composition of the Supervisory Board in 2021

Due to the expiry of the terms of office in 2021, the Supervisory Board underwent changes in the number of members. In February, first, the four-year term of office of the members of the Supervisory Board, who are employees' representatives, expired, i.e. Alen Mihelčič, Mark Šavli and Robert Ravnikar. All three members took up a new four-year term on the Supervisory Board on 23 February 2021. On 10 April 2021, the term of office of President Sašo Berger and members of the Supervisory Board Igo Gruden, Metod Podkrižnik, Sergij Goriup and Janez Pušnik also expired. On 11 April 2021, Borut Vrviščar, Alenka Urnaut Ropoša, Aleksander Zupančič and Mário Selecký took over a new term of office as members of the Company's Supervisory Board on the basis of their appointment at the 32nd General Meeting in December 2020. The four-year term of office of Mladen Kaliterna, a member of the Supervisory Board, expired on 15 July 2021, but based on his appointment at the 32nd General Meeting, he too continued with a new four-year term on the Supervisory Board on 16 July. Branko Bračko, who was due to take office on 11 April 2021, resigned on 25 March. At the 33rd General Meeting, which was held on 22 April 2021, Janez Žlak was elected a new member of the Supervisory Board. On the same day, the Supervisory Board held a constituent meeting, at which the members elected Janez Žlak President of the Supervisory Board and Borut Vrviščar Deputy President of the Supervisory Board. The Supervisory Board appointed two committees, namely the Audit Committee, comprising the President of the Committee Alenka Urnaut Ropoša and Members Aleksander Zupančič, Mladen Kaliterna, Robert Ravnikar and External Member Janez Pušnik, and the Human Resources and Management Board Evaluation Committee, comprising the President of the Committee Borut Vrviščar and Members Janez Žlak, Mário Selecký, Marko Šavli and Alen Mihelčič. Both the previous and the new composition of the Supervisory Board in 2021 was such that its members complemented each other in terms of their expertise and competencies. The composition was also diverse regarding education, work experience and personality traits, all of which allowed for an effective exchange of views and opinions.

Work of the Supervisory Board and Informing the Public

In 2021 the Supervisory Board and Management Board of Petrol d.d., Ljubljana focused on substantive matters falling within their remit. The members of the Supervisory Board carried out their work professionally, focusing on the effective performance of their functions, including in the committees. Supervisory Board members thoroughly prepared themselves for the topics discussed, gave constructive proposals based on verbal and written information obtained from the Management Board, and adopted decisions competently in line with the Rules of Procedure, internal regulations and legal powers. The work of the Supervisory Board was effectively supported by the proposals of Supervisory Board committees and their substantive input. In accordance with the law and internal rules, the Supervisory Board kept the stakeholders informed about key decisions and information with a significant impact on the Company's operations. In compliance with the Slovenian Corporate Governance Code for Listed Companies, the Supervisory Board states in this report that all the costs incurred in connection with its work are disclosed in this annual report and in the Report on Remuneration to the Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2021 business year.

Supervisory Board Meetings and Topics Discussed

In 2021 the Supervisory Board met ten times.

The year 2021 was undoubtedly marked by the historic acquisition of a Petrol Group company - Crodux Derivati Dva d.o.o. The main focus of the Supervisory Board was thus on monitoring the procedures for the successful integration of this company. After fulfilling the suspensive conditions, Petrol d.d. Ljubljana completed the acquisition of a 100 percent interest in the Croatian company Crodux Derivati Dva d.o.o. The Petrol Group is thus consolidating its position as the second-largest supplier of petroleum products in Croatia. The acquisition of Crodux Derivati Dva d.o.o. is the largest acquisition of Petrol d.d., Ljubljana in the past 10 years and represents the most significant one-time increase in the number of points of sale in the Petrol Group's history. With this acquisition, the Petrol Group acquired 93 new points of sale. With a total of 204 points of sale, the Petrol Group's market share in Croatia grew from 13 percent to 23 percent. With the merger of Crodux Derivati Dva d.o.o. with Petrol d.o.o., Zagreb, the Company's Management Board successfully and significantly pursues its strategic goal, which envisages the expansion of operations outside the borders of Slovenia. Through a strong sales network on the Croatian market, the Company is successfully expanding its customer portfolio in the field of energy products and energy transition services.

The focus of the Supervisory Board meetings in 2021 was on new projects and the identification and management of business risks, which is important for the successful future of the Company and the Petrol Group. The COVID-19 pandemic still received a great deal of attention, and in 2021, it dictated adjustments to operations in key areas, mainly through various measures to mitigate it. By adjusting and diversifying the offer and by cost rationalisation and optimisation, the Management Board managed its operations successfully and, despite the limitations, exceeded the plan and created excellent annual results.

The Most Important Topics Discussed at the Supervisory Board's Meetings in 2021

The first meeting, which took place in January (58th meeting of the Supervisory Board of the previous composition), was aimed at the final coordination and approval of the new business strategy of the Company and the Petrol Group for the period from 2021 to 2025. The new, very ambitious business strategy was adopted as a result of the set goals, orientations and vision of the new administration appointed in 2020 and its response to the energy transition to a low-carbon society and the development of new technologies that transform sustainable energy production, sales and use.

At the meeting of 18 March 2021, which was scheduled in the financial calendar, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2020, the proposed allocation of accumulated profit and the convening of the 33rd General Meeting.

The next meeting by correspondence of the Supervisory Board in early April was aimed at adopting amendments to the financial calendar, which included silent periods in the financial calendar in connection with the Company's securities trading rules and changed the date of the constitutive meeting of the Supervisory Board.

On 22 April 2021, the constituent meeting of the new Supervisory Board was held, at which the Supervisory Board appointed a president and deputy president from among its members, established the Audit Committee and the Human Resources and Management Board Evaluation Committee and appointed their members.

The next meeting in May was held as scheduled in the financial calendar for 2021 and primarily addressed the quarterly report on the operations of the Petrol Group and Petrol d.d., Ljubljana. The successful adjustment of sales to market conditions and efficient cost management was reflected in a 16 percent growth in EBITDA compared to the same period in 2020. The net profit of EUR 27.8 million recorded a 27 percent increase compared to the same period in 2020. The EBITDA (+46 percent)

and net profit (+52 percent) in the first three months of 2021, despite strict restrictive measures, were also better compared to the results of the first three months of 2019 (pre-pandemic period). Due to the successfully renewed systematisation and organisation of the Company, which enables the transparency of operations and the establishment of a functional system of responsibility, the Supervisory Board also discussed new delimitations of work areas and competencies between members of the Management Board.

The June meeting was, like the meeting in October, held to address strategic and other important issues; it was mainly dedicated to a more detailed presentation of the adopted strategy of the Company and the Petrol Group to new members of the Supervisory Board.

In accordance with the financial calendar, the next meeting of the Supervisory Board was held on 26 August 2021 and was intended primarily to discuss the Report on the Operations of the Petrol Group and Petrol d.d., Ljubljana in the first half of 2021 and to revise or adopt some key internal regulations, including the Rules of Procedure of the Supervisory Board and the internal regulations of both committees of the Supervisory Board. In the second quarter, the Petrol Group again successfully pursued the set goals for 2021. Successful adjustment of sales to market conditions and efficient cost management in the first half of 2021 was reflected in 59 percent growth in the EBITDA compared to the same period in 2020. The adjusted gross profit, EBITDA and net profit were also better in the first half of 2021 compared to the pre-pandemic results.

At the October meeting, in addition to discussing strategic issues, the Supervisory Board was informed about the activities related to the acquisition of the company and the completion of the transaction of Crodux Derivati Dva d.o.o., further steps and structured integration procedures. The Supervisory Board also discussed the current situation on the electricity and natural gas market and the Company's response to them, in connection with which the Supervisory Board did not detect any irregularities.

At the November meeting scheduled in the financial calendar, the Supervisory Board discussed the Reports on the operations of the Petrol Group and Petrol d.d., Ljubljana, in the first nine months of 2021, and determined the contents and terms of work of the Supervisory Board by adopting the financial calendar for 2022. The successful adjustment of sales to the market conditions and efficient cost management in the first nine months of 2021 was reflected in a 54 percent growth in EBITDA compared to the same period in 2020.

At its last meeting in 2021, the Supervisory Board discussed and approved the Business Plan of Petrol d.d., Ljubljana and the Petrol Group for 2022, which is optimistic and pursues ambitious goals from the Petrol Group's strategy until 2025, in which the Company committed to green energy. At this meeting, the Supervisory Board carried out a number of activities related to good practices in corporate governance, including the identification, disclosure, management and elimination of conflicts of interest.

All the working procedures of the Supervisory Board are geared towards ensuring the basic rules that must apply in the effective operation of this body:

- compliance with the rules and guidelines agreed with the Rules of Procedure of the Supervisory Board;
- ongoing training of all persons involved in the functioning of the body and the adoption of new best practices related to corporate governance;
- transparent functioning of the Supervisory Board in relation to the Management Board and vice versa, and in relation to all external stakeholders;
- sufficient number of meetings to provide a thorough insight into the operations and orientations of future development;
- full attendance of all Supervisory Board members and proactive functioning of each member of the Supervisory Board;
- training of members, acquaintance with new trends, cooperation/acquaintance with all key personnel, not only the Management Board of the Company, paying particular attention to learning about the structure of the Company, the Petrol Group and its processes;

- pursuing a policy where financial indicators are only part of the full success story;
- short self-assessment of the Supervisory Board with a view to the timely identification of the necessary changes and implementation of the measures. An in-depth self-assessment will be carried out by the Supervisory Board after the first year of its term.

The Supervisory Board, acting within its powers, took responsible decisions and was briefed on a number of other matters:

- adopting the 2021 Internal Audit work report;
- adopting the 2022 Internal Audit work programme;
- adopting the 2022 Audit Committee work programme;
- resolving conflicts of interest (the statements required under the applicable code were signed by Supervisory Board members upon their appointment and also at the end of the financial year, and published on the Company's website);
- giving consent to the Management Board in accordance with the Articles of Association and other forms of approval for Management Board proposals;
- discussing the Workers' Council reports concerning the involvement of workers in management (in early 2022);
- assessing the work of the two committees, which kept the Supervisory Board regularly informed through minutes, reports and proposals.

Work of the Supervisory Board's Committees

In 2021 the Supervisory Board's **Audit Committee** met ten times. The first four meetings in the financial year were devoted to preparing a basis for the Supervisory Board's approval of the annual report, which was done, among others, following a discussion with external auditors. The Committee discussed the approval of the 2020 Internal Audit report, the audited annual report and submitted a proposal for its approval to the Supervisory Board. It also dealt with topics related to the Supervisory Board and the annual General Meeting.

At the other meetings, the Audit Committee discussed the quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana (in May, August and November) and discussed standard and other matters such as:

- progress of the preliminary audit of the 2021 annual report;
- preparation of the 2022 Audit Committee work programme;
- management of credit, foreign exchange and price risks; risk management in the Petrol Group by quarter and its annual overview;
- it was briefed on Internal Audit reports and the 2022 Internal Audit work programme;
- it prepared the Rules of Procedure of the Audit Committee of the Supervisory Board of Petrol d.d., Ljubljana and submitted it to the Supervisory Board for approval;
- it discussed the annual review of the competencies and tasks of the Audit Committee and assessed its effectiveness in 2021;
- it was briefed on the report of authorised officers concerning the implementation of corporate integrity guidelines;
- it discussed guidelines governing the performance of non-audit services by the statutory auditor and proposed that the Supervisory Board adopts them;
- it was briefed on and monitored the expected changes in the International Financial Reporting Standards on a regular basis and assessed the effect they may have had on the financial statements;
- it was briefed on the procedure for selecting bidders for the audit of the Petrol Group's 2022–2024 Annual Report, conducted interviews with the bidders and proposed to the Supervisory Board a candidate for the audit of the 2022–2024 Annual Report to be proposed to the General Meeting for approval;
- it carried out an interview with the Head of Internal Audit;
- it discussed other topics falling within the competence of the Audit Committee.

The Supervisory Board's Human Resources and Management Board Evaluation Committee met four times in 2021. The topics discussed were related to determining the performance of the Management Board in 2020 and setting goals and criteria for determining the performance of the Management Board in the next financial year (2022).

The Supervisory Board monitored the work of its committees based on their continuous reporting to the Supervisory Board. Considering the implementation of all committee resolutions, the review of their work and reports on the work of both committees presented at the December meeting, the Supervisory Board deemed the work of both committees and the Management Board to have been very good.

Assessment of the Petrol Group's Operations in 2021

The Petrol Group is a leading company in Slovenia and also plays a prominent role in the wider region. Its operations are focused on achieving long-term growth and the ensuing stable return for shareholders. In 2021, despite the ongoing pandemic, we witnessed stable economic growth, which was accompanied by high growth in the prices of energy products. Measures to contain the pandemic have become less restrictive on mobility and the economy, but as the epidemiological situation worsened, the RVT condition for the performance of most activities resulted in fewer visits to our points of sale and thus a decrease in the sale of merchandise.

The Petrol Group's sales revenue stood at EUR 5.0 billion in 2021, up 61 percent on the year before. Adjusted gross profit stood at EUR 543.4 million, which was 27 percent more than in 2020. EBITDA totalled EUR 238.1 million and was 43 percent more than in 2020. Net profit stood at EUR 124.5 million, which was 72 percent more than in 2020.

Approval of the 2021 Annual Report

At its 9th meeting of 17 March 2022, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2021. Having verified the Annual Report, the financial statements and notes thereto, the Management Board's proposal on the allocation of accumulated profit, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2021.

As part of the adoption of the Annual Report, the Supervisory Board also put forward its position regarding the corporate governance statement and the statement of compliance with the applicable code that have been included in the business section of the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2021, concluding the actual state of corporate governance in 2021.

Dr Janez Žlak
President of the Supervisory Board

Ljubljana, 17 March 2022

THE PETROL GROUP IN ITS REGION

BUSINESS REPORT

In spite of the pandemic, we achieved enviable results with heartiness, commitment, and courage.


S

STRATEGIC ORIENTATION

Our Mission, Our Promise, Our Vision and Our Values

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

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

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

Our Values
Respect: We respect fellow human beings and the environment.
Trust: We build partnerships through fairness.
Excellence: We want to be the best at all we do.
Creativity: We use our own ideas to make progress.
Courage: We work with enthusiasm and heart.

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

Strategy of the Petrol Group for the 2021–2025 Period

On 28 January 2021, the Supervisory Board of Petrol d.d., Ljubljana approved the Strategy of the Petrol Group for the 2021–2025 period. Ensuring business growth and increasing the profitability of operations while maintaining the commitment to sustainable development are the main principles underpinning the preparation and implementation of the strategic plan. The Petrol Group's strategy for the 2021–2025 period 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. **The energy transition** towards a low-carbon company and the development of new technologies are transforming the established ways how energy products are produced, sold and used. Petrol is committed to making a transition to green energy and is making significant investments to achieve it. While co-creating opportunities brought about by the energy transition we will also continue to supply the market with hydrocarbons.

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

An important pillar of our operation is gaining and retaining customers, so we will continue to strengthen our sales network in the region. Thanks to new **digital channels, a broader range of energy products and a personalised offer**, we will be even closer to our customers, helping them 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 strengthen operational efficiency to free up additional funds for investments in renewable energy production.

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

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

Thanks to improved internal processes, new competencies and empowered employees, we will be even more proactive in addressing the current and future needs of our customers in energy supply and adapt our operations to the user, who is at the centre of our attention. At the same time, we want to become the first choice for shopping on the go in our traditional segment of oil products and merchandise and services.

As a partner to industry, public sector and households, Petrol is assuming a leading role in achieving the environmental goals.

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

- **Slovenia**, where we will consolidate our position as 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 **electromobility and mobility services** represents an important pillar of Petrol's sustainable and innovative business. In the mobility segment, the Petrol Group focuses on charging infrastructure (the establishment, management and maintenance of charging infrastructure for electric vehicles and the provision of charging services) and mobility services (e.g. operating leasing, fleet electrification and fleet management services).

The strategic objectives for 2025 are as follows:

- sales revenue of EUR 4.7 billion (the 2025 sales revenue figures rely on the assumption that energy product prices will match the levels used in the plans for 2021);
- EBITDA of EUR 336 million;
- net debt / EBITDA less than 1;
- net profit of EUR 180 million;
- investments in fixed assets in the 2021–2025 period in the total amount of EUR 698 million, of which 35 percent is in energy transformation, and the remaining funds mainly in the expansion and upgrade of the retail network and the digitalisation of operations;
- renewable electricity production output of 160 MW;

- retail network with a total of 627 service stations;
- 1,575 charging points for electric vehicles;
- energy savings of 73 GWh for end-customers in the 2021–2025 period.

The financial projections take into account the impact of the COVID-19 epidemic in the first quarter of 2021 and assume that the vaccination coverage of the population would be achieved by mid-2021, which has not been met. In accordance with the projections of international financial institutions, economic recovery after the epidemic is expected to be V-shaped.

By achieving the goals, we will strengthen the **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 the long-term growth and development of the Group, maximising its value for the owners. The dividend policy target for the 2021–2025 strategic period is 50 percent of the Group's net profit, taking into account the investment cycle, Group indicators and the achieved objectives.

Transformation of the Organisation

In the light of the changes brought by the new Petrol Group Strategy 2021–2025, the Management Board of Petrol adopted a new organisation of the Company and the Petrol Group on 1 June 2021. We undertook the reorganisation to achieve the strategic goals and place it in the context of a broader energy transition in line with the new vision of the Company.

The central transformation of the organisation was reflected in the way it operates, which has since taken place through unified and centralised work processes and procedures according to the principle of functional responsibility from the parent company. With the new organisation, we introduced clearly defined processes, administrators and roles for effective operation, strengthened cooperation and enabled greater flexibility and agility. With clearly defined responsibilities, processes are more efficient, work procedures are unified and more centralised, and thus specialisation is increased.

We strive to be the first choice for energy transition projects in the region by offering integrated services with high added value.

By focusing on processes, we strengthen the connections and cooperation between organisational units. By unifying and centralising the operation of support functions, we want to ensure a high level of service and productivity. In the management of subsidiaries, we strengthen our cooperation in the Group, with the aim of ensuring a uniform presence in the markets and a positive impact on our business performance.

By separating sales from products, we strengthen the focus of sales on the customer, who is placed at the centre of our operations. An excellent user experience is ensured by product managers who are focused on ensuring product profitability.

Petrol as the ambassador of corporate integrity

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

PLANS FOR 2022

Business environment

In 2021, despite the continuation of the epidemic, we witnessed **stable economic growth**, which was accompanied by **high growth in the prices of energy products**. Countries have tried to ease the pressure on sales prices through various regulatory measures. **Measures to contain the pandemic** have become less restrictive on mobility and the economy. However, given the deteriorating epidemiological situation, the enforcement of the RVT condition for the performance of most activities has resulted in fewer visits to our points of sale and thus a decrease in the sale of merchandise.

The environment in which the Petrol Group operates is facing important changes. **The energy transition** towards a low-carbon company and the development of new technologies are transforming the established ways how energy products are produced, sold and used. On the one hand, they have to deal with an extremely difficult systemic transition to renewable supply sources, while on the other, a considerable **shift can be observed in the behaviour of end-customers**, who are becoming increasingly engaged and environmentally conscious. As one of the main energy companies in Slovenia and in SE Europe, the Petrol Group took on an active role in increasing energy independence, energy efficiency and the share of renewables and will continue its efforts to reduce its carbon footprint in 2022.

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

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

Strategic orientations and assumptions

In our annual business planning, we take into account the **sustainable orientation** of the Petrol Group, which is built in three directions:

1. **Low-carbon energy company** – focusing on a more sustainable energy portfolio and mobility, own production of renewable electricity, energy efficiency and reducing the carbon footprint.
2. **Partners with employees and the social environment** – focusing on boosting corporate integrity, providing for healthy working conditions and employee satisfaction, with the support for the wider community in all markets where the Petrol Group operates (support for humanitarian, cultural, sports and environmental projects) also having a prominent role.
3. **Circular economy** – focusing on involvement in wastewater treatment, recycling of carwash water and re-use of industrial wastewater. Particular attention is paid to reducing or replacing raw materials used in packaging with recycled and biodegradable materials.

At the beginning of 2021, the Petrol Group adopted a **new strategy for the 2021–2025 period**, in which we committed ourselves to the transition to green energy and devoted a large share of our investments to this. While co-creating opportunities brought about by the energy transition we continue to supply the market with hydrocarbons. The new strategy of the Petrol Group defines clear targets for implementing our vision to become an integrated partner in the energy transition, offering an excellent user experience. This helps us focus on our principal activity, which is to supply energy products, as it is this area where we still see great potential in connection with the energy transformation.

Meeting the strategic goals also led to the preparation of the 2022 plan. It is set with **cautious optimism**. Despite the development of the vaccine, there is still much uncertainty about the further course of the pandemic. We assume that measures to mitigate the pandemic in 2022 will no longer restrict mobility and that consumer behaviour will return to normal after the abolition of the RVT condition. In 2021 we witnessed stable economic growth in all Petrol Group markets, but the year was accompanied by a high growth in the prices of energy products and the related re-regulation of the prices of certain petroleum products in Slovenia and Croatia, which are the main sales markets of the Petrol Group. In the 2022 plan, we anticipate that the growth of prices of energy products will decline and that countries will stimulate economic activity and consumption levels through various measures.

Energy transition and the development of new technologies are transforming established ways how energy products are produced, sold and used.

The acquisition of Crodux Derivati Dva d.o.o. in October 2021, which is the largest transaction of Petrol d.d., Ljubljana in the past 10 years, represents the most significant one-time increase in the number of points of sale in the Petrol Group's history. The **successful integration** of the company and the realisation of the set synergies in 2022 will significantly contribute to the future growth of the Petrol Group in the markets of SE Europe.

In the Petrol Group, we realise that despite careful preparation, informed business decisions, a rapid response to changes and an efficient risk management system, external factors may arise in the business environment that are beyond our control and that may pose a risk or a threat when it comes to meeting our targets. We are witnessing this during the COVID-19 pandemic.

The main risk to achieving the set plan in 2022 is the negative effects of the energy crisis on inflation and consequently on the growth of costs of living and the management of higher operating costs.

The 2022 plans do not take into account any new acquisitions.

Business targets for 2022

The Petrol Group's main business targets for 2022 are:

- sales revenue of EUR 5.9 billion;
- adjusted gross profit of EUR 643.9 million;
- EBITDA of EUR 297.8 million;
- net profit of EUR 158.3 million;
- net debt to EBITDA ratio of 1.6;
- 3.6 million tons of petroleum products sold;
- 162.4 thousand tons of LPG sold;
- 24.2 TWh of natural gas sold;
- revenue from merchandise sales of EUR 532.2 million.

The Group's **investment policy** for 2022 will be focused on expanding the business in the area of renewable electricity production, on consolidating its position and strengthening energy product sales and on expanding its operations in the area of energy and environmental solutions. We will allocate up to EUR 100 million in 2022 for further development, of which more than half will be for energy transition projects.

The Petrol Group was in a very good **business and financial condition** before the pandemic. In 2022, we will continue to meet high standards of operation as recognised in the ratings from Standard & Poor's Rating Services. Despite the difficult business conditions, the Group will continue to pursue its objective of ensuring stable operations, thus delivering a consistent return for shareholders.

CORPORATE GOVERNANCE STATEMENT AND STATEMENT OF COMPLIANCE WITH THE CODE

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

Reference to the applicable Corporate Governance Code

In the period from 1 January 2021 to 31 December 2021, the Company was bound by the Slovenian Corporate Governance Code for Listed Companies (hereinafter 'the Code') as jointly drawn up and adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 27 October 2016. The Code entered into force on 1 January 2017. It is available in Slovene and English from the website of the Ljubljana Stock exchange at https://ljse.si/. The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the recommendations of the applicable Code, the Supervisory Board and the Management Board drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was published via the Ljubljana Stock Exchange SEOnet information system on 28 December 2010. The policy was updated at the Supervisory Board meetings of 12 December 2013, 11 December 2014, 15 December 2016, 14 December 2017, 13 December 2018, 12 December 2019, 28 January 2021 and 17 February 2022, and published on 23 December 2013, 13 January 2015, 23 December 2016, 29 December 2017, 31 December 2018, 31 December 2019, 24 February 2021 and 18 February 2022 via the Ljubljana Stock Exchange SEOnet information system. The latest valid version is available at Corporate Governance Policy of 17 February 2022. It is also available, in Slovene and English, on the website of Petrol d.d., Ljubljana (https://www.petrol.si/).

Statement of compliance with the Code

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

- The Company is yet to perform an external assessment of the adequacy of the corporate governance statement, but this is expected to be performed in 2022 (the Code: Corporate Governance Statement and Statement of Compliance with the Code, paragraph 5.7).
- The Supervisory Board does not specify in the Rules of Procedure the exact set of contents and deadlines that are regularly observed by the Management Board, as the contents are already provided for in the Company's annual financial calendar. Instead, in addition to the Financial Calendar, which is published on SEOnet, the Supervisory Board adopts an extended version of the calendar comprising additional topics and timeframes applicable to the Supervisory Board and its committees and, as such, representing a coherent and comprehensive working plan of this body (the Code: Supervisory Board's Tasks, first sentence of paragraph 12.3).
- Due to a high degree of data confidentiality and to ensure a higher standard of communication with Supervisory Board members, information technology is seldom used to convene meetings and distribute Supervisory Board documents. This will be introduced as soon as all members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents and, where necessary or desirable, to securely provide themselves with printed documents (the Code: Supervisory Board's Tasks, paragraph 12.5).

- The Human Resources and Management Board Evaluation Committee performs all of its tasks as decided by the Supervisory Board on a case-by-case basis, therefore the Supervisory Board did not specify its tasks in its formation (the Code: Supervisory Board Committees, first sentence of paragraph 18.2).
- The Company provides prompt information about its financial and legal situation through public announcements, but it does not report on operational estimates as this is inconsequential as long as its operations are in line with the applicable strategy and annual work programme. In the event of deviations, the Company would immediately make a public announcement to inform interested stakeholders about other business events, impacts and deviations (the Code: Public Announcement of Important Information, indent 3 of paragraph 29.1).
- The Company has not published the applicable wording of the rules of procedure of its bodies on its website. The Management Board and the Supervisory Board discussed the benefits of this recommendation and view the Supervisory Board's Rules of Procedure and the Management Board's Rules of Procedures as texts that are updated on a regular basis and are intended for the sole use of these bodies. Moreover, any external assessment of these documents by third parties would have been inappropriate due to their not being familiar with the needs of these bodies. The General Meeting Rules of Procedure were adopted at the first general meeting of the joint-stock company Petrol d.d., Ljubljana in 1997. They are always available during the general meeting and do not contradict the Companies Act, which lays down, through peremptory provisions, all elements concerning the running of a general meeting, making it sufficient to have the rules of procedure available only during each general meeting (the Code: Public Announcement of Important Information, paragraph 29.9).

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

The Company's management is responsible for the keeping of proper books of account, setting up and ensuring the functioning of internal controls and internal accounting control, selecting and applying accounting policies and safeguarding the Company's assets. The establishment of the internal control system, which is based on the three lines[1] of defence model, pursues the following three objectives:

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

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

Petrol, therefore, keeps and further improves:

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

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

The Risk Management chapter of this business report presents risk management and control mechanisms relating to the assessment of specific types of risk in greater detail. It is our opinion that in 2021 the existing internal control system of Petrol d.d., Ljubljana and of the Petrol Group allowed for the efficient and successful achievement of business objectives, operation in compliance with the law, and fair and transparent reporting in all material respects.

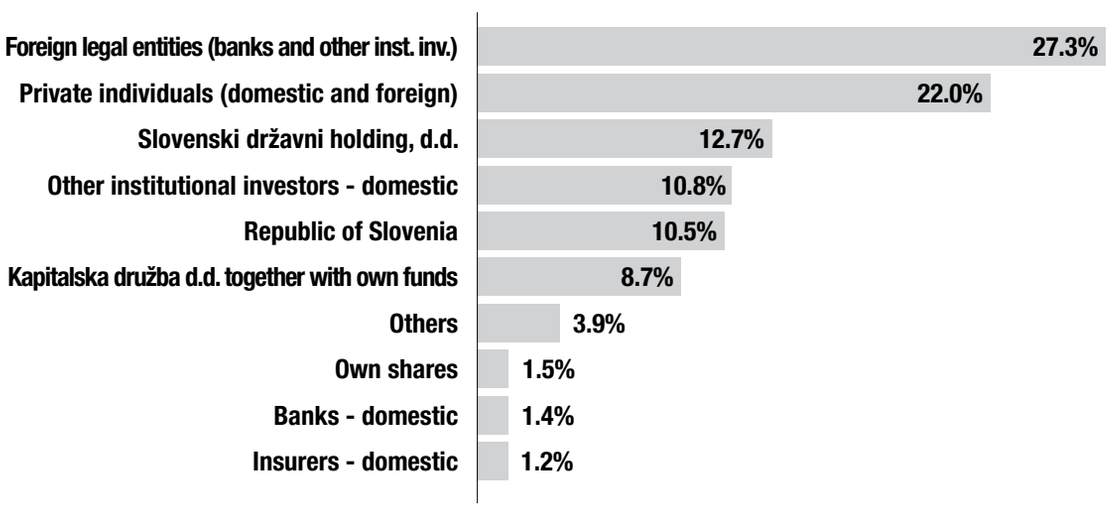
Data pursuant to Article 70(6) of the Companies Act-1

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

Structure of the Company's share capital

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

SHARE CAPITAL STRUCTURE OF PETROL D.D., LJUBLJANA AS AT 31 DECEMBER 2021



THE LARGEST SHAREHOLDERS OF PETROL D.D., LJUBLJANA, AS AT 31 DECEMBER 2021

	Shareholder	Address	Number of shares	Holding in %
1	Clearstream Banking SA - fiduciary account	42 Avenue J F Kennedy, L - 1855, Luxembourg	287,012	13.76
2	Slovene Sovereign Holding, d.d.	Mala ulica 5, 1000 Ljubljana	264,516	12.68
3	Republic of Slovenia	Gregorčičeva ulica 20, 1000 Ljubljana	225,699	10.82
4	Kapitalska družba, d.d.	Dunajska cesta 119, 1000 Ljubljana	172,639	8.27
5	OTP banka d.d. - Client account - fiduciary	Domovinskog rata 61, 21000 Split, Croatia	142,159	6.81
6	Vizija Holding, d.o.o.	Dunajska cesta 156, 1000 Ljubljana	71,676	3.44
7	Vizija Holding Ena, d.o.o.	Dunajska cesta 156, 1000 Ljubljana	66,572	3.19
8	Perspektiva FT d.o.o.	Dunajska cesta 156, 1000 Ljubljana	36,262	1.74
9	Unicredit Bank Hungary ZRT. - fiduciary	Szabadsag Ter 5 - 6, 1054 Budapest, Hungary	30,989	1.49
10	Nova KBM d.d.	Ulica Vita Kraigherja 4, 2000 Maribor	25,985	1.25

Restrictions on the transfer of shares

All shares are fully transferable.

Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), the following information is provided (valid as at 31 December 2021):

- Clearstream Banking SA. - client account held 287,012 shares of the issuer Petrol d.d., Ljubljana, representing 13.76 percent of the share capital of the issuer;
- Slovenian Sovereign Holding held 264,516 shares of Petrol d.d., Ljubljana, representing 12.68 percent of the issuer's share capital;
- The Republic of Slovenia held 225,699 shares of Petrol d.d., Ljubljana, representing 10.82 percent of the issuer's share capital;
- Kapitalska družba, d.d. held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital; and
- OTP Banka d.d. – Client account – held 142,159 shares of the issuer Petrol d.d., Ljubljana, representing 6.81 percent of the share capital of the issuer.

Holders of securities carrying special control rights

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

Employee share scheme

The Company has no employee share schemes.

Restrictions on voting rights

There are no restrictions on voting rights.

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

The Company is not aware of such agreements.

The Company's rules regarding

- **Appointment and replacement of members of management or supervisory bodies**
  The president and other members of the Management Board are appointed and discharged by the Supervisory Board. Apart from the worker director, the Supervisory Board appoints Management Board members on the proposal of the president of the Management Board. Management Board members are appointed for a five-year term of office and may be re-appointed. On the proposal of the Human Resources and Management Board Evaluation Committee and according to its Rules of Procedure, the Supervisory Board determines general and specific criteria for selecting candidates for the president and members of the Management Board, at the same time laying down a framework for contracts concluded with Management Board members. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the president and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method or a combination of methods to apply in order to find candidates for the president of the Management Board (personal invitations, job vacancy postings) and determines whether it is necessary to engage an external headhunting expert. The

Human Resources and Management Board Evaluation Committee carefully checks the fulfilment of general and specific conditions required for the post of Management Board president or member and other conditions laid down in the Company's Articles of Association. The Committee also verifies the references stated in candidates' CVs, and conducts interviews. It then puts together a selection of candidates for the president of the Management Board, conducts selection interviews and ranks them. Short-listed candidate or candidates for the president of the Management Board propose other Management Board members, with the Committee then checking the conditions and references of the proposed candidates. The Committee thereupon proceeds with the evaluation of the entire Management Board and negotiates with candidates the basic elements of their contracts. The candidate or candidates for the president of the Management Board and the proposed Management Board members together present the vision of the Company's development at a Supervisory Board meeting. The Supervisory Board conducts selection interviews with them. The Supervisory Board selects and appoints the president and members of the Management Board. If the Supervisory Board finds the candidates proposed by the candidate for the president of the Management Board (the proposed Management Board as a whole) unsuitable, the procedure is repeated.

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

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

- **The Diversity Policy**

At its 21st meeting of 13 December 2018, the Supervisory Board adopted the Diversity Policy Regarding Representation in the Company's Management and Supervisory Bodies. On 31 December 2018, it was published in Slovene and English on the Company's website (the full text of the Diversity Policy, including its goals and method of implementation, is available at Politika raznolikosti in Slovene and at The Diversity Policy).

The aim of the Diversity Policy is to ensure the composition of the Management Board and the Supervisory Board in such a way that each body is provided with a suitable set of skills, expertise and experience to ensure a good understanding of current events and long-term risks and opportunities related to the Company's operations and thus ensure the long-term successful and sustainable operation of the Company. According to the analysis of the long-term trends in energy and trade and related services (taking into account political-legal, economic, socio-cultural and demographic, technological and natural and industry forces), the following aspects of diversity are essential for efficient and sustainable operations: professional diversity, professional experience, diversity of competences, as well as gender diversity, age diversity and ensuring continuity.

Complementarity and diversity must be achieved through the composition of the Management Board and the Supervisory Board, which is reflected in:

- different experience, age, gender, education and professional knowledge at the level of individual members of the Management Board or the Supervisory Board and consequently at the level of the Management Board or the Supervisory Board as a whole;
- knowledge of the industry and the characteristics of the legal and regulatory environment; and
- appropriate manner of communication, cooperation and critical assessment in the decision-making process of the Management Board or Supervisory Board.

With its Diversity Policy, the Company has set itself, in particular, the following goals:

- ensuring at least 30 percent representation of the underrepresented gender among the shareholder representatives in the Supervisory Board by 2022;
- efforts of all stakeholders in the personnel processes of appointing the Management Board to achieve the greatest possible gender balance in such a way as to create an appropriate set of candidates that takes into account the appropriate representation of the underrepresented gender;
- striving not to change the overall composition of the Supervisory Board, with the aim of one-third continuity.

The Diversity Policy is adequately implemented through the process of the recruitment and selection of candidates for members of the Supervisory Board and Management Board. The policy administrator is the Human Resources and Management Board Evaluation Committee of the Management Board, which monitors its implementation and reports to the Supervisory Board. It is used mainly in activities such as the pooling, selection and proposal of candidates for the Supervisory Board to the General Meeting, when appointing members of the Management Board and committees of the Supervisory Board and when conducting self-assessment of the Supervisory Board.

For the most part, policy objectives have been adequately achieved, in particular those relating to the diversity of education, occupation, experience and age. However, the diversity goals related to gender diversity have been partially achieved. On 25 October 2019, the current President of the Supervisory Board, Nada Drobne Popović, took over the management of the Management Board, and on that day the gender differences in both the Supervisory Board and the Management Board changed significantly. The Management Board was initially headed by three women and the Supervisory Board by men. Throughout 2020, both the composition of the Management Board and of the Supervisory Board were marked by considerable dynamics. Since then, the Management Board throughout 2020 comprised three women, then two women and two men, later three men and two women, and at the end of the year, when the Management Board was complete, it comprised one woman out of five members. In 2021, there were no changes in the composition of the Management Board and it thus comprises a president and four male members of the Management Board. However, only men (7 or 8 men) sat on the Supervisory Board in various compositions. At the end of 2020, the Supervisory Board carried out the personnel process to select candidates for members of the Supervisory Board but did not propose to the General Meeting to nominate any women, which is not in line with the Diversity Policy of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana, which stipulates gender diversity as one of the six important aspects of diversity, but this is due to the fact that a significantly lower number of women applied for the position of members of the Supervisory Board. In addition, at the end of 2020, no female workers' representatives were appointed by the Workers' Council to the Supervisory Board for the terms of office beginning in 2021. The Workers' Council also proposed to the Supervisory Board the appointment of a male Worker Director, whose term of office started on 11 December 2020. In the energy sector, women's representation in management positions is found to be low. At the 32nd General Meeting, it was voted – based on a counter-proposal – that after 11 April 2021, the Supervisory Board membership will comprise eight men and one woman. After the resignation of one of the elected members, another man was elected as a new member of the Supervisory Board at the 33rd General Meeting. Following the new composition, the Supervisory Board comprises eight men and one woman. In 2019, the Supervisory Board joined the initiative to achieve voluntary 40/30 gender diversity by 2026 as proposed by the Slovenian Directors' Association. Among other partners, the initiative was also supported by the Slovenian Sovereign Holding and the Ljubljana Stock Exchange. The initiative contains the following commitment to achieve the voluntary gender diversity target by the end of 2026: 40 percent of members of supervisory boards and, jointly, 33 percent of members of the

supervisory and management boards of listed companies and publicly owned companies shall be of the less represented gender. However, the core commitments given in said initiative were not fulfilled and only one woman was nominated for appointment. Given that the members of the Supervisory Board have been appointed for a four-year term and the members of the Management Board for a five-year term in 2020, no major changes in gender diversity are expected in the coming years.

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

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

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

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

The Company is not aware of such agreements.

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

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

Petrol d.d., Ljubljana has no subsidiaries falling within the scope of indent 4 of Article 70(3) of the Companies Act (ZGD-1).

The Petrol Group's activities include an activity listed in Article 70 b of the Companies Act, specifically commercial exploitation of mineral resources (geothermal source), but the payments to the Republic of Slovenia did not exceed the amount laid down in Paragraph 2 of Article 70 b in 2021.

Information on the workings of the General Meeting

As provided by the applicable legislation, specifically the Companies Act, the General Meeting is a body through which shareholders exercise their rights in respect of matters concerning the Company. The convening of General Meetings is governed by the Articles of Association, in conformity with applicable legislation. The General Meeting is convened at the request of the Management Board, at the request of the Supervisory Board, or at the request of the Company's shareholders who collectively represent at least five percent of the Company's share capital. The beneficiary requesting the convening of the General Meeting must enclose the agenda, a proposal for a resolution for each proposed agenda item to be decided by the General Meeting or, if the General Meeting does not adopt a decision on an individual agenda item, the reasoning of the agenda item. Notwithstanding, the General Meeting of the Company with the content required by regulations may also be convened by registered letter to all shareholders if their names and addresses can be established from the valid share register. In this case, the day on which the letter was sent shall be considered as the date of publication of the General Meeting.

The Management Board calls a General Meeting of the Company's shareholders 30 days before the meeting takes place by publishing a notice via the Ljubljana Stock Exchange SEOnet information system, the AJPES website and the Company's website. In the notice of the General Meeting, the Management Board specifies the time and place of the meeting, the bodies conducting the meeting, the agenda and proposed resolutions of the General Meeting and other information required by applicable law.

At the 33rd General Meeting held on 22 April 2021 (33rd General Meeting), the Company's shareholders were presented with the Annual report and the Supervisory Board's report on the verification of the Annual report for the financial year 2020, as well as with the remuneration of the members of the management and supervisory bodies. They discussed and adopted a resolution on the allocation of accumulated profit and the granting of discharge from liability to the Management Board and the Supervisory Board for the year 2020. They were briefed on the report of the Management Board on the activities carried out in connection with the findings of the report to the shareholders on the special audit, based on Resolution No. 2.3., adopted at the 32nd General Meeting on 28 December 2020. They adopted a resolution on the remuneration of members of the Supervisory Board and got acquainted with the new members of the Supervisory Board - employee representatives and the resignation statement of Branko Braček dated 25 March 2021 on irrevocable resignation from the position of a member of the Supervisory Board of Petrol d.d. and elected a new member of the Supervisory Board of Petrol d.d., Ljubljana, Janez Žlak, with the beginning of the term of office on 22 April 2021.

Information on the composition and workings of management and supervisory bodies

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

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the Company independently and on its own responsibility. The Management Board represents and acts on behalf of the Company. According to the Company's Articles of Association, the Management Board comprises the president of the Management Board and other members of the Management Board. The total number of members of the Management Board shall be a minimum of three and a maximum of six. The exact number of Management Board members, their sphere of duties and their powers are determined by a resolution adopted by the Supervisory Board at the proposal of the president of the Management Board. One of the Management Board members is always a worker director, who only participates in decisions relating to human resources and social policy matters. From 27 August 2020, the Management Board functions with five members. The Management Board discussed matters falling within its competence at 80 meetings in 2021. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities pertaining to its daily activities and to the General Meeting, as stipulated by the Companies Act and the Articles of Association. The activities concerning the Supervisory Board were carried out in accordance with the provisions of the Supervisory Board Rules of Procedure and the Articles of Association. The Management Board regularly reported to the Supervisory Board on the Company's operations and consulted it in connection with the Company's strategy, business development and risk management. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the representative trade union. Management Board members are appointed for a five-year term of office and may be re-appointed. The Company is represented jointly by the president and a member of the Management Board. If a power of procuration is granted by the Company, the holder can represent the Company only together with the president of the Management Board. The Company's Management Board is required to seek the consent of the Supervisory Board for the conclusion of the following transactions:

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

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

In 2021 there were no changes in the composition of the Management Board of Petrol d.d., Ljubljana.

Members of the Management Board of Petrol d.d., Ljubljana in 2021:

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

Fields of responsibility:
From 18 December 2020 to 20 May 2021:

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

From 21 May 2021 onwards:

- Procurement and trade of petroleum products and energy products
- Procurement of merchandise and products for internal supply
- Human resources, processes and general administration
- Cabinet of the Management Board
- Strategy
- Technical development, quality and safety
- Legal affairs
- Corporate security and control of operations, and
- Internal audit

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

Fields of responsibility:
From 28 August 2020 to 20 May 2021:

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

From 21 May 2021 onwards:

- Finances
- Accounting
- Back office
- Informatics
- Controlling
- Management of development needs and projects
- Risk management and
- Business intelligence

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

Fields of responsibility:
From 18 December 2020 to 20 May 2021:

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

From 21 May 2021 onwards:

- Energy and solutions
- Logistics
- Operational Management

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

Fields of responsibility:
From 28 August 2020 to 20 May 2021:

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

From 21 May 2021 onwards:

- Sales to end-customers (B2C)
- Sales to business customers and the public sector (B2B and B2C)
- Digital channels
- Marketing and user experience management
- Fuels and derivatives.

Zoran Gračner, Member of the Management Board and Worker Director
On 11 December 2020, he was appointed by the Supervisory Board as a Member of the Management Board and Worker Director for a five-year term of office. Born in 1970, he holds a master's degree in business administration and a bachelor's degree in mechanical engineering. In accordance with the Articles of Association of Petrol d.d., Ljubljana, the Worker Director participates in decision-making in connection with issues relating to the formulation of personnel and social policy.

Responsibilities and composition of the Supervisory Board
In the two-tier management system, the Supervisory Board of Petrol d.d., Ljubljana performs the tasks of supervising the conduct of the Company's operations (including the selection and appointment of the Management Board), tasks related to the powers of the General Meeting and other statutory tasks.

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

Members of the Supervisory Board of Petrol d.d., Ljubljana were as follows in 2021:

Sašo Berger, shareholder representative
President of the Supervisory Board until 10 April 2021.
President of the Management Board of S&T Slovenia, d.d. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017. He served as Deputy President of the Supervisory Board from the constituent meeting of 22 April 2017 until 10 February 2020. On 11 February 2020, he became President of the Supervisory Board. At the end of his four-year term, which expired on 10 April 2021, he ceased to hold office on the Company's Supervisory Board.

Igo Gruden, shareholder representative
Member of the Supervisory Board until 10 April 2021.
Member of the Management Board of Hranilnica LON d.d., Kranj. He was appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013, and reappointed at the 27th General Meeting of 10 April 2017, with his four-year term of office beginning on 11 April 2017. On 11 February 2020, he became Deputy President of the Supervisory Board. At the end of his four-year term, which expired on 10 April 2021, he ceased to hold office on the Company's Supervisory Board.

Metod Podkrižnik, shareholder representative
Member of the Supervisory Board until 10 April 2021.
Member of the Management Board of Luka Koper d.d. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017. At the end of his four-year term, which expired on 10 April 2021, he ceased to hold office on the Company's Supervisory Board.

Sergij Goriup, shareholder representative
Member of the Supervisory Board until 10 April 2021.
Independent attorney. He was appointed for a four-year term of office beginning on 11 April 2017 at the 27th General Meeting of 10 April 2017. At the end of his four-year term, which expired on 10 April 2021, he ceased to hold office on the Company's Supervisory Board.

Janez Pušnik, shareholder representative
Member of the Supervisory Board until 10 April 2021.
He was appointed at the 31st General Meeting of 24 July 2020 for the period from 24 July 2020 to 10 April 2021. At the end of that period, he ceased to be a member of the Supervisory Board. As of April 22, 2021, he is an external member of the Audit Committee.

Janez Žlak, shareholder representative
President of the Supervisory Board from 22 April 2021 onwards.
President of the Management Board of the Slovenian Sovereign Holding. He was appointed for a four-year term of office beginning on 22 April 2021 at the 33rd General Meeting of 22 April 2021. He has been serving as President of the Supervisory Board from the constituent meeting of 22 April 2021.

Borut Vrviščar, shareholder representative
Deputy President of the Supervisory Board from 22 April 2021 onwards (SB member from 11 April 2021).
General Manager of Kuehne + Nagel, AG, Schindellegi, CH. He was appointed for a four-year term of office beginning on 11 April 2021 a Supervisory Board member at the 32nd General Meeting of 28 December 2020. He has been serving as Deputy President of the Supervisory Board from the constituent meeting of 22 April 2021.

Mladen Kaliterna, shareholder representative
Member of the Supervisory Board.
Executive Director of Perspektiva FT d.o.o. Ljubljana. He was appointed for a four-year term of office beginning on 16 July 2013 at the 23rd General Meeting of 4 April 2013, and reappointed at the 27th General Meeting of 10 April 2017, with his four-year term of office beginning on 16 July 2017. He served as Supervisory Board President between 11 April and 21 April 2021. He was reappointed at the 32nd General Meeting of 28 December 2020, with his four-year term of office beginning on 16 July 2021.

Alenka Urnaut Roposa, shareholder representative
Member of the Supervisory Board from 11 April 2021 onwards.
Managing Director and founder of Renova real d.o.o. She was appointed for a four-year term of office beginning on 11 April 2021 at the 32nd General Meeting of 28 December 2020.

Mário Selecký, shareholder representative
Member of the Supervisory Board from 11 April 2021 onwards.
Representative of JT Banka, a.s. She was appointed for a four-year term of office beginning on 11 April 2021 at the 32nd General Meeting of 28 December 2020.

Aleksander Zupančič, shareholder representative
Member of the Supervisory Board from 11 April 2021 onwards.
Head of the Cabinet of the Minister of the Republic of Slovenia, Ministry of the Environment and Spatial Planning. She was appointed for a four-year term of office beginning on 11 April 2021 at the 32nd General Meeting of 28 December 2020.

Alen Mihelčič, employee representative
Member of the Supervisory Board.
Petrol d.d., Ljubljana, Oil Products Sales and Management Director. He was appointed for a four-year term of office beginning on 22 February 2017 at the 3rd Workers' Council meeting of 27 January 2017. He was reappointed at the 44th Workers' Council meeting of 4 December 2020, with his four-year term of office beginning on 23 February 2021.

Robert Ravnikar, employee representative
Member of the Supervisory Board.
Petrol d.d., Ljubljana, Head of Ljubljana – Kranj Retail regional unit. He was appointed for a four-year term of office beginning on 22 February 2017 at the 3rd Workers' Council meeting of 27 January 2017. He was reappointed at the 44th Workers' Council meeting of 4 December 2020, with his four-year term of office beginning on 23 February 2021.

Marko Šavli, employee representative
Member of the Supervisory Board.
Petrol d.d., Ljubljana, Compliance Manager and Specialist. When Member of the Supervisory Board Zoran Gračner resigned, Mr Šavli was appointed as substitute member of the Supervisory Board (employee representative) at the 44th Workers' Council meeting of 4 December 2020, in accordance with provision 10.13 of the Company's Articles of Association. His term of office began on 11 December 2020. At the same meeting, he was also appointed for a four-year term, which he took on 23 February 2021 after the end of his term as a substitute member.

The Supervisory Board had two standing committees in 2021: the statutory Audit Committee and the Human Resources and Management Board Evaluation Committee.

The Audit Committee was composed of the following members in 2021:

Until 10 April 2021:
- Mladen Kaliterna, President of the Committee
- Metod Podkrižnik, Member of the Committee
- Marko Šavli, Member of the Committee
- Igo Gruden, Member of the Committee
- Janez Pušnik, Member of the Committee
- Christoph Geymayer, External Member of the Committee

The Audit Committee worked in a limited composition in the period from 11 to 16 April 2021 because the term of office of some members ended:
- Mladen Kaliterna, President of the Committee,
- Marko Šavli, Member of the Committee,
- Christoph Geymayer, External Member of the Committee.

The constituent meeting of the new Supervisory Board was held on 22 April 2021, at which new members of the Audit Committee were appointed.

In the period from 22 April 2021 onwards, the Audit Committee has the following composition:
- Alenka Urnaut Ropoša, President of the Committee
- Mladen Kaliterna, Member of the Committee
- Aleksander Zupančič, Member of the Committee
- Robert Ravnikar, Member of the Committee
- Janez Pušnik, External Member of the Committee

The Human Resources and Management Board Evaluation Committee was composed of the following members in 2021:

Until 10 April 2021:
- Sergij Goriup, President of the Committee
- Sašo Berger, Member of the Committee
- Igo Gruden, Member of the Committee
- Alen Mihelčič, Member of the Committee
- Robert Ravnikar, Member of the Committee

The constituent meeting of the new Supervisory Board in its new composition was held on 22 April 2021, at which new members of the Human Resources and Management Board Evaluation Committee were appointed.

In the period from 22 April 2021 onwards, the Human Resources and Management Board Evaluation Committee has the following composition:

- Borut Vrviščar, President of the Committee
- Janez Žlak, Member of the Committee
- Mário Selecký, Member of the Committee
- Alen Mihelčič, Member of the Committee
- Marko Šavli, Member of the Committe

Remuneration policy for members of management and supervisory bodies

In accordance with the provision of Article 294a of the Companies Act-1, the Company has established a remuneration policy for management and supervisory bodies, which will be submitted to the General Meeting for approval at the Company's 34th General Meeting. This report discloses nominal amounts received in the financial year 2021 by each Management Board member and each Supervisory Board member, and they are defined in more detail in the Report on the Remuneration of Management and Supervisory Bodies of Petrol d.d., Ljubljana in the financial year 2021, in accordance with the provision of Article 294b of the Companies Act-1. The information on fixed and variable remuneration and other payments to the Management Board, as well as the criteria and methods used to determine compliance with these criteria, are also disclosed for the members of the Management Board. The remuneration policy in the part relating to the members of the Management Board is proposed by the Supervisory Board, while the remuneration policy for the Management Board member who is also the worker director and the legal representative authorised to represent the Company only together with the president of the Management Board and, in accordance with a Supervisory Board's resolution, is set in the Workers' Participation in Management Agreement concluded by the Management Board and the Workers' Council on 7 October 1997. The variable part of the remuneration of the member of the Management Board who is also the worker director is adjusted to the applicable multiple of the monthly salary that is determined by the Supervisory Board for the other members of the Management Board, meaning that the worker director is paid the same multiple of the average monthly gross salary of Company employees.

In accordance with the proposal of the Remuneration Policy of the Management and Supervisory Bodies of Petrol d.d., Ljubljana, other members of the Management Board are entitled to the following remuneration:

- Remuneration of members of the Management Board consists of a fixed and a variable part. In addition to the fixed and variable part, members of the Management Board are in certain cases entitled to severance pay and certain other benefits or rights.
- The fixed part of the remuneration is intended to pay the member of the Management Board for the performance of their tasks, efforts and responsibilities and is determined to ensure financial stability, reimbursement for efforts and reflects professional experience and loyalty and does not depend on business results or other unforeseen factors. The basic guideline in determining this part of the remuneration is the complexity and responsibility of the tasks. The fixed part of remuneration is the basic salary of a member of the Management Board, determined by the employment contract and expressed in a gross amount. To determine the basic salary, the level of complexity and responsibility of work is considered, taking into account the size of the company (number of employees, value of assets and generated net sales revenue) and complexity of operations (organisation, internationalisation, requirements of the direct economic environment, complexity of key products, regulation of activities).
- Variable remuneration is based on the performance of the Petrol Group and the Management Board as a whole. Performance criteria follow transparency, flexibility and strict adherence. Variable remuneration comprises remuneration according to the fulfilment of financial and non-financial criteria, which contribute to both the short-term and long-term performance of the Company. The variable part of remuneration is determined based on criteria that contribute to the promotion of business strategy, long-term development and sustainability of the Company. The criteria are known in advance and their fulfilment is verified by predefined methods. The Management Board also submits a report to the Supervisory Board on the work of the Management Board no later than when adopting the audited annual report for the financial year, which, taking into account these Rules, provides all the necessary bases on which the Supervisory Board can assess the performance of the Management Board in the financial year and consequently determine the appropriate amount of variable remuneration.

- Members of the Management Board are also entitled to certain other remuneration:
  - premiums for life, accident, disability insurance, voluntary supplementary pension insurance, liability insurance for damage to the Company or third parties, and health insurance, under the conditions specified in the employment contract;
  - under the same conditions and in the amount as applies to employees of the Company, to pay for holiday leave, compensation for holiday leave, jubilee awards, the reimbursement of travel expenses, the reimbursement of expenses for meals during work;
  - non-compete clause: within the provisions of the Act governing employment relationships and under the conditions set out in the employment contract;
  - some other benefits appropriate to the position of a member of the Management Board for the smooth performance of the function;
- A member of the Management Board is also entitled to severance pay under the conditions determined by law, the remuneration policy and the employment contract.

The remuneration of the Supervisory Board is determined by the General Meeting of the Company. At the 33rd General Meeting, which was held on 22 April 2021, a resolution was adopted that laid down the remuneration of Supervisory Board members. The full text of the resolution is set out in the announcement of the General Meeting resolutions, available at: 33rd General Meeting of the Company. The full document of the Remuneration Policy of the Management and Supervisory Bodies of Petrol d.d., Ljubljana is approved by the General Meeting.

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

C.1: Composition of the Management Board in the financial year 2021

Name and Surname	Function (president, member)	Area of work in the Management Board	First appointment to the office	Termination of office/ mandate	Gender	Nationality	Year of birth	Education	Professional profile	Membership of supervisory bodies of non-related companies
Nada Drobne Popović	President of the Management Board	From 18 December 2020 to 20 May 2021: • Human resources, processes and general administration • Petroleum products and logistics • Procurement • Legal affairs and support to corporate bodies • Sustainable development, quality and safety • Corporate communication • Corporate operations control and investigations • Internal audit. From 21 May 2021 onwards: • Procurement and trade of petroleum products and energy products • Procurement of merchandise and products for internal supply • Human resources, processes and general administration • Cabinet of the Management Board • Strategy • Sustainable development, quality and safety • Legal affairs • Corporate security and control of operations • Internal audit.	11 February 2020 25 October 2019 (ad interim)	10 February 2025	Female	Slovene	1975	Master of Science, School of Government and European Studies, Brdo pri Kranju	All-round management competences, including management of equity investments	/
Matija Bitenc	Member of the Management Board	From 28 August 2020 to 20 May 2021: • Finance and accounting • Back office • Informatics • Controlling • Risk management • Business intelligence From 21 May 2021 onwards: • Finances • Accounting • Back office • Informatics • Controlling • Management of development needs and projects • Risk management • Business intelligence	11 March 2020	10 March 2025	Male	Slovene	1980	Master of Economics	Competences in the area of corporate finance, risk management, business intelligence and information technology	

Name and Surname	Function (president, member)	Area of work in the Management Board	First appointment to the office	Termination of office/ mandate	Gender	Nationality	Year of birth	Education	Professional profile	Membership of supervisory bodies of non-related companies
Jože Bajuk	Member of the Management Board	From 18 December 2020 to 20 May 2021: • Management of energy products and energy • Energy and environmental systems • Investments and maintenance From 21 May 2021 onwards: • Energy and solutions • Logistics • Operational Management	11 March 2020	10 March 2025	Male	Slovene	1974	Master of Sociology, Bachelor of Law	Competences in the area of law, corporate governance, energy (especially renewables), electricity trading and ESCO projects	/
Jože Smolič	Member of the Management Board	From 28 August 2020 to 20 May 2021: • Sales to end customers • Sales to business customers and the public sector • Marketing • Development of physical points of sale From 21 May 2021 onwards: • Sales to end customers (B2C) • Sales to business customers and the public sector (B2B and B2C) • Digital channels • Marketing and user experience management • Fuels and derivatives.	28 August 2020	27 August 2025	Male	Slovene	1967	Master of Entrepreneurial Management	Competences in the area of trade, marketing, sales promotions, retail sales, development of new sales networks and markets, development of new point-of-sale types and concepts	/
Zoran Gračner	Member of the Management Board and Worker Director	Worker Director, is not responsible for any area of work. Co-decides on issues related to the formulation of personnel and social policy.	11 December 2020	10 December 2025	Male	Slovene	1970	Master of Business Administration, Bachelor of Mechanical Engineering	Competences in the area of energy	/

C.2: Composition of the Supervisory Board and committees in the financial year 2021, part 1

Name and Surname	Function (president, deputy president, member)	First appointment to the office	Termination of office/ mandate	Shareholder/ employee representative	Attendance at SB meetings according to the total number of meetings	Gender	Nationality	Year of birth	Education
Sašo Berger	President of the Supervisory Board until 10 April 2021	11 April 2017 (Member of the Supervisory Board), from 10 February 2020 onwards Chairman of the Supervisory Board	10 April 2021	Shareholder representative	Three meetings (out of three during his term) and out of a total of ten meetings in 2021	Male	Slovene	1966	Bachelor of Economics
Igo Gruden	Deputy President of the Supervisory Board until 10 April 2021	4 April 2013 (Member of the Supervisory Board), from 11 February 2020 onwards Deputy President of the Supervisory Board	10 April 2021	Shareholder representative	Three meetings (out of three during his term) and out of a total of ten meetings in 2021	Male	Slovene	1972	Bachelor of Mechanical Engineering
Metod Podkrižnik	Member of the Supervisory Board until 10 April 2021	10 April 2017	10 April 2021	Shareholder representative	Three meetings (out of three during his term) and out of a total of ten meetings in 2021	Male	Slovene	1971	Master of Economics
Sergij Goriup	Member of the Supervisory Board until 10 April 2021	10 April 2017	10 April 2021	Shareholder representative	Three meetings (out of three during his term) and out of a total of ten meetings in 2021	Male	Slovene	1955	Bachelor of Law
Janez Pušnik	Member of the Supervisory Board until 21 April 2021	24 July 2020	10 April 2021	Shareholder representative	Three meetings (out of three during his term) and out of a total of ten meetings in 2021	Male	Slovene	1970	Master of Management and Organisation
Janez Žlak	President of the Supervisory Board from 22 April 2021 onwards	22 April 2021	21 April 2025	Shareholder representative	Seven meetings (out of seven during his term) and out of a total of ten meetings in 2021	Male	Slovene	1965	PhD
Borut Vrviščar	Deputy President of the Supervisory Board from 22 April 2021 onwards (from 11 April 2021 onwards Member of the Supervisory Board)	28 december 2020	10 April 2025	Shareholder representative	Seven meetings (out of seven during his term) and out of a total of ten meetings in 2021	Male	Slovene	1969	Bachelor of Electronics Engineering, Leadership and strategic management, Top management program
Aleksander Zupančič	Member of the Supervisory Board from 11 April 2021 onwards	28 December 2021	10 April 2025	Shareholder representative	Seven meetings (out of seven during his term) and out of a total of ten meetings in 2021	Male	Slovene	1979	Bachelor of Law
Mladen Kaliterna	Member of the Supervisory Board (in the period from 11 April to 21 April, he was the President of the Supervisory Board)	4 April 2013	15 July 2025	Shareholder representative	All ten meetings of the Supervisory Board in 2021	Male	Slovene	1967	Master of Management and Organisation

Name and Surname	Function (president, deputy president, member)	First appointment to the office	Termination of office/ mandate	Shareholder/ employee represent-ative	Attendance at SB meetings according to the total number of meetings	Gender	Nation-ality	Year of birth	Education
Alenka Urnaut Ropoša	Member of the Supervi-sory Board	28 December 2021	10 April 2025	Shareholder representative	Seven meetings (out of seven during her term) and out of a total of ten meetings in 2021	Female	Slovene	1975	MBA, University graduate in economic engineering
Mário Selecký	Member of the Supervi-sory Board	28 December 2021	10 April 2025	Shareholder representative	Six meetings (out of seven during his term) and out of a total of ten in 2021	Male	Slovak	1975	Master of Law
Alen Mihelčič	Member of the Supervi-sory Board	27 January 2017	22 February 2025	Employee representative	All ten meetings in 2021	Male	Slovene	1975	Bachelor of Eco-nomics
Robert Ravnikar	Member of the Supervi-sory Board	27 January 2017	22 February 2025	Employee representative	All ten meetings in 2021	Male	Slovene	1979	Bachelor of Eco-nomics
Marko Šavli	Member of the Supervi-sory Board	11 December 2020	22 February 2025	Employee representative	All ten meetings in 2021	Male	Slovene	1973	Utility Engineer

C.2: Composition of the Supervisory Board and committees in the financial year 2021, part 2

Name and Surname	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of a conflict of interest in the financial year (YES/NO)	Membership of super-visory bodies of other companies	Membership of committees (audit, HR, remuneration, etc.)	President/ member	Attendance at committee meetings according to the total number of committee meetings
Sašo Berger	Monetary matters, finance, IT	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the commit-tee until 10 April 2021	One meeting (out of one meeting during his term) and out of a total of four committee meetings in 2021
Igo Gruden	Banking and asset management	YES	NO	/	Audit Committee, Human Resources and Management Board Evaluation Committee	Member of the committees until 10 April 2021	One meeting of the Committee on Human Resources and Management Board Evaluation Committee (out of one meeting during his term) and out of a total of four meetings of the Com-mittee in 2021, and four meetings of the Audit Committee (out of four meetings during his term) and out of a total of ten meetings of the Audit Committee in 2021
Metod Podkrižnik	Energy, logistics, procurement	YES	NO	/	Audit Committee	Member of the commit-tee until 10 April 2021	Four meetings of the Audit Committee (out of four meetings during his term) and out of a total of ten meetings of the Audit Committee in 2021
Sergij Goriup	Attorneyship	YES	NO	STH VENTURES, družba tveganega kapitala, d.o.o., Ljubljana – President of the Supervisory Board and Zatvoreni investicioni Fond sa javnom ponudom »FORTUNA FOND«, d.d., Cazin – President of the Supervisory Board	Human Resources and Management Board Evaluation Committee	President of the committee until 10 April 2021	One meeting (out of one meeting during his term) and out of a total of four committee meetings in 2021
Janez Pušnik	Finance, accounting	YES	NO	/	Audit Committee	Member of the commit-tee until 21 April 2021	Four meetings of the Audit Committee (out of four meetings during his term) and out of a total of ten meetings of the Audit Committee in 2021
Janez Žlak	General management and leadership, gov-ernment investment management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the commit-tee from 22 April 2021 onwards	Three meetings (out of three meetings during his term) and out of a total of four meetings of the Commission in 2021
Borut Vrviščar	Logistics, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	President of the com-mittee from 22 April 2021 onwards	Three meetings (out of three meetings during his term) and out of a total of four meetings of the Commission in 2021
Aleksander Zupančič	Organisation and management, law, psychotherapy and coaching	YES	NO	/	Audit Committee	Member of the commit-tee from 22 April 2021 onwards	Six meetings of the Audit Committee (out of six meetings during his term) and out of a total of ten meetings of the Audit Committee in 2021
Mladen Kaliterna	Investment and management of Group companies	YES	NO	/	Audit Committee	President of the committee until 16 April 2021	All ten meetings of the Audit Committee in 2021
Alenka Urnaut Ropoša	real estate appraisal	YES	NO	/	Audit Committee	President of the com-mittee from 22 April 2021 onwards	Six meetings of the Audit Committee (out of six meetings during her term) and out of a total of ten meetings of the Audit Committee in 2021

Name and Surname	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of a conflict of interest in the financial year (YES/NO)	Membership of supervisory bodies of other companies	Membership of committees (audit, HR, remuneration, etc.)	President/ member	Attendance at committee meetings according to the total number of committee meetings
Mário Selecký	Banking, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee from 22 April 2021 onwards	Two meetings (out of three meetings during his term) and out of a total of four meetings of the Commission in 2021
Alen Mihelčič	Commercial operations	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2021	All four meetings of the Human Resources and Management Board Evaluation Committee in 2021
Robert Ravnikar	Sales	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the Human Resources and Management Board Evaluation Committee until 10 April 2021; from 22 April 2021 onwards, a member of the Audit Committee	One meeting of the Human Resources and Management Board Evaluation Committee (out of one meeting during his term) and out of a total of four meetings of the Committee in 2021, and six meetings of the Audit Committee (out of six meetings during his term) and out of a total of ten meetings of the Audit Committee
Marko Šavli	Safety, compliance	YES	NO	/	Audit Committee, Human Resources and Management Board Evaluation Committee	Member of the Audit Committee until 16 April 2021 and member of the Human Resources and Management Board Evaluation Committee from 22 April 2021 onwards	Three meetings of the Human Resources and Management Board Evaluation Committee (out of three meetings during his term) and out of a total of four meetings of the Commission in 2021, and four meetings of the Audit Committee (out of four meetings during his term) and out of a total of ten meetings of the Audit Committee

External committee members

Name and Surname	Committee	Attendance at committee meetings according to the total number of committee meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership of supervisory bodies of non-related companies
Janez Pušnik	Audit Committee	Six out of six meetings of the Audit Committee as external member	Male	Slovene	Master of Business Administration	1970	Court expert witness for economics, specifically business valuation and accounting, certified appraiser	/
Christoph Geymayer	Audit Committee	Four out of ten meetings of the Audit Committee as external member	Male	Austrian	Master of Law	1967	Controlling and reporting, tax compliance, national and international tax planning models, corporate income tax, income tax, corporate finance, corporate law, labour law	/

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

Nada Drobne Popović
President of the Management Board

Jože Bajuk
Member of the Management Board

Matija Bitenc
Member of the Management Board

Jože Smolič
Member of the Management Board

Zoran Gračner
Member of the Management Board and Worker Director

Ljubljana, 10 March 2022

NON-FINANCIAL STATEMENT

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

Description of the Company's business model

The Petrol Group is a business concern consisting of the parent company Petrol d.d., Ljubljana and its subsidiaries, jointly controlled entities and associates located in the countries of Central and South-Eastern Europe. Among the activities of the companies within the Group, the sale of petroleum products, other energy products and merchandise is the most significant one (see Sales of Petroleum Products for more information). Petrol's development activities are focused on the introduction of new energy activities (see Energy and Solutions for more information) and on the production of renewable electricity (see Generation of electricity from renewable energy sources for more information). The operations of the parent company and some of its subsidiaries encompass multiple areas, from sales to energy and environmental systems, with other companies focusing on a narrower range of business operations (see The Petrol Group for more information). Petrol Group companies are located in several European countries (see The Petrol Group in its region for a map).

The sustainable development of the Petrol Group is based on respect for the natural environment and partnership relations with the wider community (see Sustainable development for more information). In June 2021, the Petrol Group published the Sustainability Report of the Petrol Group that was prepared in accordance with GRI standards (the latest sustainability report is available at Sustainability Report of the Petrol Group 2020.

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

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

Environment

Policy
The policies defining the environmental impact of the Petrol Group are: the framework safety and security policy, the energy policy and the quality and environmental management policy. Being an integral part of all processes at Petrol, all three policies overlap as we conduct our business.

The quality and environmental management policy lays down our environmental protection efforts. Environmental protection is integrated into all levels of operations of Petrol d.d., Ljubljana. Petrol's environmental management system complies with the requirements of the international standard ISO 14001 and is an integral part of Petrol's development plan (see Quality control for a list of certificates by company). All Petrol's employees are responsible to ensure consistent compliance with the requirements, while the Company's Management Board guarantees that these requirements can actually be met and that our fundamental environmental goals can be achieved.

Petrol recognises the importance of sustainable development and environmental protection. 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. Through the continuous development of fuels, we will actively contribute to reducing emissions. At the same time, we will help reduce the carbon footprint of both the Petrol Group and our customers by pursuing clear sustainable policies. Thanks to improved internal processes, new competencies and empowered employees, we will be even more proactive in addressing the current and future needs of our customers and adapt our operations to the user, who is at the centre of our attention.

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

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

Depending on the activities taking place at different sites, Petrol d.d., Ljubljana has obtained several environmental permits. It has valid environmental permits for all SEVESO plants and IEDs. It also consistently implements all the provisions defined in environmental permits.

The **energy policy** obliges Petrol to establish control over the use of energy and water that are necessary for the provision of its services. At Petrol, we are committed to continuously optimising our business efficiency and reducing energy and water consumption, while also reducing our environmental impact and, consequently, greenhouse gas emissions. Through its energy policy, Petrol aims for responsible and efficient energy use and water saving in connection with all its property, plant and equipment, which is also reflected in a smaller environmental footprint. Energy management and operations, as well as water-saving, are given a prominent role, and we follow the example of the best and most cost-effective practices. Our aim is to reduce the costs of energy and water in comparison to the revenue generated. This way we want to obtain a competitive advantage in the sector. Petrol has maintained an energy management system certified to ISO 50001:2018 requirements for many years. Through this system, we aim to reduce energy consumption and CO_2 emissions, while also improving energy management within Petrol and with our external users of energy and environmental solutions.

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

The **framework safety and security policy** includes the following areas:

- Occupational safety and health
- Fire safety
- Physical and technical protection of people and property
- Environmental protection
- Safe handling of chemicals and safety while transporting hazardous substances by road, rail or sea
- Protection of classified information and trade secrets
- Information security.

Due diligence

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

Main risks and risk management

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

We are committed to developing a strategy to achieve and manage **comprehensive key climate change risk**. In connection with the National Energy and Climate Plan, which Slovenia will have to implement by 2030, and the latest guidelines on non-financial reporting on climate indicators and the recommendations for the sustainable operation of companies:

- we constantly study our possibilities and outline further strategic directions for sustainable business;
- we set environmentally measurable goals and indicators (strategic and sectoral) and establish comprehensive energy and environmental accounting (CEOK) and
- we are currently studying our possibilities and determining further strategic directions for sustainable business,

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

The above is provided:

- through compliance with the applicable legislation relating to safety, environment, security, protection and rescue;
- through the consistent implementation of instructions, warnings and regulatory arrangements laid down by respective administrative bodies in the relevant areas of safety, security and the environment;
- by taking into account national programmes in the field of environmental protection, protection against natural and other disasters, occupational health and safety, road safety and other areas of safety;
- through effective security and the protection of the Petrol Group in terms of safety, security and rescue, as well as through the organisation, powers and responsibilities of employees to ensure control over the operation of establishments from a technical, safety and security point of view;
- through instructions, procedures and practices applicable to third-party access to establishments;
- through instructions, procedures and practices applicable to hazardous works at the establishments;
- by managing the operation from the point of view of controls, monitoring and audits;
- by defining and evaluating the risk of major disasters and measures to mitigate their consequences;
- by managing changes from a technical, safety and security point of view;

- by managing incidents, including the examination of events and action
- plans to prevent recurrence (i.e. LFI – learning from incidents);
- by verifying and evaluating the risks and environmental aspects that serve as a basis for planning safety and security measures in individual areas of safety and security;
- through operations compliant with the ISO 9001:2015 standard (quality management), the 14001:2015 standard (environmental management) and the occupational health and safety standards;
- by ensuring the quality of products and services.

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

Key performance indicators

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

Every two years, we prepare a standalone **Sustainability report** stating the indicators according to the GRI-4 Guidelines (in June 2021, Petrol d.d., Ljubljana published the 2020 Sustainability Report of the Petrol Group). The content of the sustainability report is determined on the basis of three criteria: relevance, the integrity of key indicators of sustainable development management and the sustainability context.

- The criterion of relevance means that the content of the report shall be narrowed down to the most relevant areas of interest defined based on the matrix of key stakeholders and the sustainable development strategy of the Petrol Group. We selected those that influence our sustainability footprint the most.
- Through sustainability indicators, which are used to measure our performance, we obtained additional leverage for long-term sustainable development management in new areas defined as our strategic goal.
- Because we conform our sustainability performance to the life cycle philosophy (LCA), the key indicators of our sustainability performance also include those concerning our suppliers and customers. We will continue the orientation of spreading sustainable impact, considering that our sustainability performance gradually influences the sustainable transformation of the wider society.

The sustainability report provides an analysis of the present and, where relevant, a comparison with past trends, while being forward-looking at the same time. We realise that sustainable development is not a goal but merely a path, so our path is carefully recorded and assessed in the three dimensions of time. Reporting is transparent and accurate as per the data currently available to the Petrol Group.

The environmental aspects of our sustainable development are measured and managed through indicators that reflect the environmental footprint of our own activities (service stations, storage facilities for petroleum products and liquefied petroleum gas (LPG), treatment plants, the biogas plant, office buildings, etc.), and through indicators that reflect the contribution of our activities towards a smaller environmental footprint of other parts of the wider society.

- The monitoring of wastewaters, air emissions, noise sources, leak detection in reservoirs and fuel quality is carried out on a regular basis.
- We also monitor the treatment of biodegradable waste and carry out waste assessment.

- To monitor the functioning and management of biological processes in treatment plants and the biogas plant, we perform daily measurements of individual parameters, which ensure successful process control and the possibility of reducing environmental pressures.
- Our strategic sustainability indicators are measured and managed annually.

The assessment of environmental aspects is carried out by professionals from different fields within the Petrol Group. The assessment takes place at least every three years or when significant legislation or environmental policy changes occur, or when the opinion of the stakeholders has changed. We work closely with our suppliers and contractual partners in managing significant environmental aspects and indicators (for more information, see the Protection of the environment and the 2020 Sustainability Report of the Petrol Group that was published by Petrol d.d., Ljubljana in June 2021).

Social and human resources matters and the protection of human rights

Policy

Caring for social and environmental issues and offering help in solving social problems is part of the Petrol Group's operations and its wider social challenges. Our responsible social attitude is demonstrated through the support we provide to a number of sports, arts, humanitarian and environmental projects. We help wider social and local communities achieve a dynamic and healthier lifestyle and, through this, a better quality of life.

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

Equal opportunities for all is the cornerstone of our work. We respect human rights that are recognised by internationally established principles and guidelines, including the European Convention for the Protection of Human Rights and Fundamental Freedoms and the United Nations Declaration on Human Rights. We comply with legal and human rights standards in all countries where we operate. This is what guides our business relationships with customers, suppliers and employees. We promote an ethical attitude towards employees and our wider environment. The Petrol Group also employs persons with rights recognised based on their disability. We are a family- and employee-friendly company. The rights and obligations of employees in Petrol d.d., Ljubljana, are regulated by a corporate collective agreement.

We are signatories of the **Diversity Charter of Slovenia**. We respect diversity in all the processes of recruitment, promotion and staff development, and provide equal opportunities for all, regardless of gender, age, nationality, race, religion or other cultural differences and characteristics. In staffing and staff development, we pay special attention to equal opportunities for both genders. In the field of diversity, our measures are also introduced through the Mentoring, Healthy at Petrol, Family-Friendly Company and Open Space programmes, where we strive to promote intergenerational cooperation and learning at the Company level, promote occupational health and the involvement of all employees. We also show care for our employees through the development and promotion of corporate integrity. Through these activities, we live and spread our value of respect.

Due diligence

At Petrol, we are aware of the importance of **social dialogue** and cooperation with social partners. When adopting regulations governing the rights, obligations and responsibilities of employees, we organise joint consultations and co-decision making with the Workers' Council or the trade union, in accordance with the applicable legislation and other general regulations. The Trade Union of the Petrol Group and the Service Station Workers' Union include over 1300 employees in Slovenia. Employees in subsidiaries are also members of other trade unions.

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

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

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

Work organisation during the pandemic and employee support programme

The year 2021 was, as the year before, particular due to COVID-19 epidemic-related changes in the economic and health situation in the region. This interfered significantly with the regular work processes and our activities related to the care for employees. These activities were mainly dedicated to safety at work, protective measures to maintain health, the adjustment of training content and regular communication with employees regarding changes that have affected our work and life.

Due to the epidemic, a considerable number of employees continued to **work from home** in 2021, which affected work processes, management methods and communication in organisational units, additionally encouraging us to better implement the updated Rules on Working from Home and Teleworking and the Organisation of Remote Management Training for Managers. The Rules cover the areas that are significant in terms of the organisation of work from home and introduce a revised procedure for approving work from home. Great attention is placed on ensuring safety and health at work. Employees who perform work at home on a larger scale have been provided with appropriate work equipment. However, all employees working from home are entitled to compensation for the use of their own resources. We developed an information solution for monitoring work from home, enabling the generation of analytical reports, which help us make decisions.

As of December 2020, employees of Petrol d.d., Ljubljana and at third-party managed service stations have at their disposal free counselling (via telephone or in-person) in case of stress or problems in their professional or personal life. Mental health care is very important. By introducing this measure we want to equip employees with the resources necessary to successfully face more difficult challenges while removing the stigma attached to mental health care. We know that only healthy and satisfied employees can be completely committed and full of energy to achieve our goals. In 2021, we also provided counselling to family members of employees and students at points of sale.

Main risks and risk management

No major risks are identified in terms of Petrol's relations with the wider social environment from the point of view of support to different stakeholders. Through perfected processes of cooperation and the allocation of funds to different stakeholder groups, we ensure that such cooperation with the wider society is congruent with the legislation and the ethical principles of the Petrol Group.

Risks related to **human resources** may arise in relation to the lack of required knowledge, skills, experience and motivation of employees, and the unwanted turnover of key personnel. In order to prevent, eliminate and manage cases of violence, mobbing, harassment and other forms of psychosocial risk at work, the Petrol Group adopted the Code of Conduct, which is handed to all employees, who thus become acquainted with Petrol's values and principles that commit us to respect ethical and professional standards. In the scope of the periodic organisational climate measurement and other internal surveys, the employees can express their opinion and draw attention to any irregularities.

Management risks can lead to risks related to managerial competencies, disruptions in communication with employees, improper authorisation and limitation, and the risks of unrealistic, subjective and infeasible benchmarks. Management risks are controlled through the regular measurement of organisational climate and employee satisfaction and commitment across the Petrol Group, the system of annual and quarterly interviews, the assessment of skills and leadership, the measurement of the quality of internal services and the adopted human resources strategy. We have introduced a system of mentoring and coaching, the main purpose of which is the transfer of good practices, knowledge, skills, values and experience.

The **management of risks of fraud and other illegal acts** is split into two subgroups that are subject to individual assessment: the risk of criminal offences/fraud and the corporate integrity risk. The risks of criminal offences/fraud include fraud committed by management, illegal acts, theft, the abuse of employees and third parties, unauthorised use of resources, intentional damage and violent illegal acts. The management of the risk of criminal offences/fraud requires constant supervision and control. The risk of corporate integrity breach refers to the incompatibility of the Company's operations with the law, Petrol's Code of Conduct, other rules, applicable recommendations, internal regulations, good business practices and ethical principles. The management of this risk includes the application of the compliance system (Rules on the Functioning of the Compliance Assurance System).

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

Health and safety of employees and customers during the COVID-19 epidemic

Petrol has been successfully managing the smooth operation of all processes since the beginning of the SARS-COV-2 virus epidemic. At the beginning of the epidemic in 2020, many new challenges needed to be addressed to ensure the safety and health of all participants, especially in providing adequate protective equipment for employees, which was in short supply until the introduction of preventive measures in all workplaces, most of which are still in force today.

The revision of the risk assessment adopted in the first wave of the epidemic is still a cornerstone of the safety and health of all employees and others present. It is equally important to ensure the health of our customers and other users of our facilities. The essential measures that are carried out at points of sale are also regularly published and updated on the website www.petrol.si, as we want to raise awareness that the health and safety of our customers are of utmost importance to us.

An essential tool for the rapid management of the situation at individual workplaces was the introduction of an electronic registration form, which we continuously adapted and coordinated with the current findings of experts and the requirements of applicable regulations through the development of the epidemic.

The form is still used today, and in addition to updates, the automation of responses and the provision of information to key services for the fastest possible action and notification was introduced.

From the second wave onwards, we encountered frequent inspections, which increased dramatically with the introduction of the RVT condition in 2021. No major discrepancies were identified, most cases were closed during the on-site inspection, in other cases, additional explanations were provided to the competent inspectorate and the required measures were met.

In individual cases, we encountered the problem of providing adequate staff at points of sale, which was successfully resolved by the competent heads of the points of sale through redeployments or similar measures. In one case, it was also necessary to establish an emergency operation of a professional fire brigade at a fuel depot.

Today, we can say that Petrol is ready for similar challenges, and the measures we are implementing due to the virus that has been crippling society for almost two years make it possible to provide a healthy workplace for all participants as much as possible.

Key performance indicators

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

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

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

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

In Note 6.6 Labour costs of the financial report, we have disclosed the receipts of the employees of the Petrol Group and Petrol d.d., Ljubljana. The receipts of employees at third-party managed service stations are included in the item Costs of service station managers under Note 6.5 Costs of services. Added value per employee in the Petrol Group is presented in the chapter Business highlights of 2021 (for more information, see chapters Responsibility towards Employees, Information technology, Risk management).

Fight against corruption and bribery

Policy

Petrol is a signatory and ambassador of the Slovenian Corporate Integrity Guidelines. In the pursuit of our work, we abide by high standards of business ethics and build corporate culture promoting lawful, transparent and ethical conduct and decision-making by all staff.

Due diligence
The Petrol Group has appointed two **corporate integrity officers**. They are appointed by the Company's Management Board, are independent in their work and report directly to the Management Board. They regularly inform the Management Board and the Audit Committee about their activities. Among other things, the officers provide professional assistance to employees and advise employees and the Management Board on further steps and measures in the field of integrity. The Company has established several lines for reporting violations, fraud and other irregularities, namely the possibility of reporting via e-mail kodeks@petrol.si; integriteta@petrol.si, via the website Report an irregularity or telephone number 080 13 95. Special emphasis is on the protection of bona fide whistleblowers.

Petrol has the necessary internal regulations in place. **Petrol's Code of Conduct** contains provisions on fair and transparent operations and the prevention of bribery and corruption. Every employee receives the Code in physical form. The Code is also published on the Intranet and online. The **Rules on Ensuring Compliance** have been adopted, which set out the basic rules and system solutions for compliant operations, and the **Rules on Preventing**, **Determining and Eliminating the Consequences of Mobbing**, on the basis of which undesirable behavioural practices from the point of view of the inappropriate treatment of employees are detected, identified and prevented. The Company has adopted the **Rules on the Prevention of Corruption**, which set out measures and methods to prevent corruption, manage conflicts of interest, handle gifts and invitations, give and accept benefits and introduce other business practices that reduce the risk of using decision-making power contrary to external or internal regulations and ethical standards.

Main risks and risk management
Given the Company's principal activity, the risks in the area of corruption and bribery could arise at all levels of Petrol's business, both among employees at the points of sale, as well as with executive and other staff in different areas of business. A **Security College** and a **Risk Committee** have been established at the level of the Petrol Group to mitigate risks. In order to ensure the transparency of operations, the prevention of non-compliant practices and the establishment of control mechanisms, key committees have been established for procurement, investment processes and for the management of development needs and projects. In addition, risk-mitigating control mechanisms have been embedded in processes, for instance, the publication of the Code of Conduct, regular communication about the Code and corporate integrity within Petrol, anti-corruption clauses in agreements with business partners, and assessments of the business partners' acceptability.

The Company has also established an effective **system for verifying the acceptability of business partners** for the entire Group, which involves multi-stage verification by various professional stakeholders. Before concluding a (sales/purchase) transaction the Company obtains information from business partners using the updated and upgraded "Know Your Client" (KYC), on the basis of which it conducts due diligence of the business partner. Obtaining data that forms an integral part of the questionnaire is a requirement under the provisions of the Prevention of Money Laundering and Terrorist Financing Act.

Employees of the Petrol Group are also **regularly trained** in this field. All employees attend the Corporate Integrity training, which enhances the understanding and knowledge of how to act in an impartial, just, credible, responsible and trustworthy manner, adhere to high moral principles in accordance with Petrol's Code of Conduct, and how to act properly in case of detected irregularities.

In the current business strategy of the Company and the Petrol Group, the management of the Petrol Group has made it a priority to mitigate corruption risks and promote ethical conduct among employees, and consequently also among business partners. In the event of identified irregularities in a suspected criminal offence, the Company reacts in accordance with the legislative possibilities regarding the reporting of irregularities and compensation for damage.

The Company has developed a model of **security consulting**, where signs of corruption risks are identified. The Company adopted the **Rules on conducting operations control and investigations in the Petrol Group**. The purpose of the Rules is to determine actions and steps to be taken in operations control and when conducting investigations, and to establish an effective system for ensuring the integrity of the Company. The procedures for controlling operations and conducting investigations are

aimed at quickly identifying and detecting violations, as well as at establishing mechanisms for appropriate actions (sanctioning), enabling the Petrol Group to operate and conduct business in accordance with moral, legal and ethical principles. In the event of a suspected violation, procedures are initiated under a specific protocol. The implementation of supervision and investigation procedures in Petrol is carried out through the organisational unit Corporate Security and Control of Operations.

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

Environmentally sustainable economic activities and sustainable investments

In accordance with the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088), which entered into force on 12 July 2020 and established a classification system for environmentally sustainable economic activities, we report the indicators for taxonomy-eligible economic activities for the financial year 2021.

The reporting covers the environmental objectives of climate change mitigation and adaptation for Petrol d.d. In February 2022, natural gas as a low-carbon gas was added to the list of eligible energy sources. The indicators are calculated on the basis of the definitions in the annex to Regulation 2020/852 – Key performance indicators for non-financial undertakings.

Sustainable economic activities and sustainable investments in Petrol d.d. pursue the strategic goals of a green future for the period 2021–2025 with an emphasis on improving energy efficiency, investing in production, developing sustainable mobility and smart energy management.

SHARE OF REVENUE FROM PRODUCTS OR SERVICES RELATED TO ECONOMIC ACTIVITIES HARMONISED WITH TAXONOMY – DISCLOSURE FOR 2021

Economic activities	Code	Absolute revenue	Revenue share
A.) TAXONOMY-ELIGIBLE ACTIVITIES			
Energy	D35.2, D35.1, D35.30	EUR 49,154,783	1.38%
Construction and real estate	M71.1, F41.10, F43.2, C33.12, S95.22	EUR 16,110,706	0.45%
Water supply, wastewater and waste management, environmental remediation	E36.00	EUR 2,964,141	0.08%
Information and communication	J62.0	EUR 1,657,722	0.05%
Transport	F42.22, N77.11	EUR 513,741	0.01%
Revenue from taxonomy-eligible activities (A)	/	EUR 70,401,093	1.98%
B.) TAXONOMY NON-ELIGIBLE ACTIVITIES			
Revenue from taxonomy non-eligible activities (B)	/	EUR 3,486,618,697	98.02%
Total (A+B)	/	EUR 3,557,019,790	100%

In 2021 revenue from taxonomy-eligible activities accounted for 1.98 percent of total revenue in Petrol d.d., Ljubljana.

Revenue from energy activities accounted for the majority of revenue from taxonomy-eligible activities, namely 1.38 percent or EUR 49,154,783. Energy activities include transmission and distribution networks for renewable and low carbon gases – natural gas concessions, bioenergy heat/cold generation – wood biomass, electricity transmission and distribution, district heating/cooling distribution, heat/cold cogeneration and electricity from bioenergy, heat/cold generation using waste heat, photovoltaic energy production and geothermal heat/cold generation. According to the NACE statistical classification of economic activities, Revision 2, we are referring to the activities of manufacturing gas, distribution of gaseous fuels through mains (D35.2), electric power generation, transmission and distribution (D35.1) and steam and air conditioning supply (D35.30).

Construction and real estate represent 0.45 percent of all revenue of Petrol d.d. Ljubljana in 2021 and include activities of installation, maintenance and repair of energy-efficient equipment related to the supply of energy solutions for home and industrial users and renovation of existing buildings in the energy renovation of buildings: architectural and engineering activities and related technical consultancy (M71.1), development of building projects (F41.10), electrical, plumbing and other construction installation activities (F43.2), repair of machinery (C33.12) and repair of household appliances and home and garden equipment (S95.22).

Activities in the field of water supply, wastewater and waste management, remediation activities (0.08 percent of revenue) relate to water collection, treatment and supply (E36.00), specifically treatment plants.

Revenue of the Information and Communication division (0.05 percent of revenue) represents activities of solutions based on data for the reduction of greenhouse gas emissions (J62.0) and computer programming, consultancy and related activities, as defined in the taxonomy. They include the development of software solutions for integrated energy management systems and the use of software for the management of water supply systems, district energy, heating systems and public lighting.

Transport with a share of 0.02 percent of all revenue in 2021 is focused on sustainable forms of mobility. It covers the infrastructure to enable low-carbon road transport and public transport. It includes the construction of utility projects for electricity and telecommunications (F42.22), specifically charging infrastructure for electric vehicles, and renting and leasing of cars and light motor vehicles (N77.11) – in the rental of electric vehicles by Petrol d.d., Ljubljana.

SHARE OF INVESTMENTS IN FIXED ASSETS IN PRODUCTS OR SERVICES RELATED TO ECONOMIC ACTIVITIES HARMONISED WITH TAXONOMY – DISCLOSURE FOR 2021

Economic activities	Code	Absolute investments in fixed assets	Share of investments in fixed assets
A.) TAXONOMY-ELIGIBLE ACTIVITIES			
Construction and real estate	F41.10, F43.2, C33.12, S95.22	EUR 10,134,771	39.49%
Energy	D35.2, D35.1, D35.30	EUR 2,220,474	8.65%
Transport	F42.22, N77.11	EUR 2,055,094	8.01%
Water supply, wastewater and waste management, environmental remediation	E36.00	EUR 242,996	0.95%
Information and communication	J62.0	EUR 53,223	0.21%
Investments in fixed assets from taxonomy-eligible activities (A)	/	EUR 14,706,557	57.30%
B.) TAXONOMY NON-ELIGIBLE ACTIVITIES			
Investments in fixed assets from taxonomy non-eligible activities (B)	/	EUR 10,958,933	42.70%
Total (A+B)	/	EUR 25,665,491	100%

Total value of gross investments for Petrol d.d. Ljubljana in 2021, excluding M&A projects, amounted to EUR 25,665,491. Total investments in taxonomy-eligible activities amounted to EUR 14,706,557 or 57.30 percent.

The value of investments related to maintenance and repairs was EUR 126,939, while the value of investments in building renovations was EUR 5,658,135. Investments in maintenance and repairs related to the activities of water supply, wastewater management, environmental remediation and energy. Investments in building renovations are tied exclusively to construction and real estate activities.

The largest share among sustainable investments in fixed assets was represented by investments in construction and real estate (39.49 percent of all investments in fixed assets), the majority of which are two major projects, namely comprehensive energy renovation of public buildings at the Technical School Centre Maribor and complete and partial energy renovation of buildings in the City of Ljubljana (EOL-3).

8.65 percent of all investments in fixed assets represent investments in the energy sector, specifically investments in concessions for the distribution of natural gas, in district heating and cogeneration systems and sustainable energy solutions for industry.

Investments in fixed assets of transport activities or mobility amounted to 8.01percent of all investments in fixed assets of Petrol d.d. in 2021. Investments in fixed assets were intended primarily for activities on EU projects Multi-E, Urban-E and Next-E and the establishment of a network of charging infrastructure, especially for electric vehicles.

Activities of water supply, wastewater management and waste management, environmental remediation recorded a share of investments in fixed assets in the amount of 0.95 percent. They relate mainly to investments in treatment plants and wastewater treatment.

Investments in fixed assets of information and communication activities (0.21 percent) were mainly intended for upgrading the IoT platform Tango.

These activities and investments are presented in more detail in Chapter 14.4 – Energy and Environmental Systems.

The Company has no significant investments in working capital in products or services related to taxonomy-compliant economic activities.

Nada Drobne Popović President of the Management Board	**Jože Bajuk** Member of the Management Board	**Matija Bitenc** Member of the Management Board	**Jože Smolič** Member of the Management Board	**Zoran Gračner** Member of the Management Board and Worker Director

Ljubljana, 10 March 2022

PERFORMANCE ANALYSIS OF THE PETROL GROUP 2021

Business environment

In 2020, the world faced a pandemic that, combined with strict health and protection measures, also had an impact on 2021 and consequently the operations of the Petrol Group. The Petrol Group developed an integrated response to the crisis caused by the epidemic. Initially, activities were focused on ensuring the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities had a long-term focus so that the Petrol Group could operate without interruption in a very different business environment.

The Petrol Group operates in **two highly competitive industries – energy and trade**. Besides trends in the area of energy and trade, the Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market.

EBITDA totalled EUR 238.1 million in 2021, which was 43 percent more than in 2020.

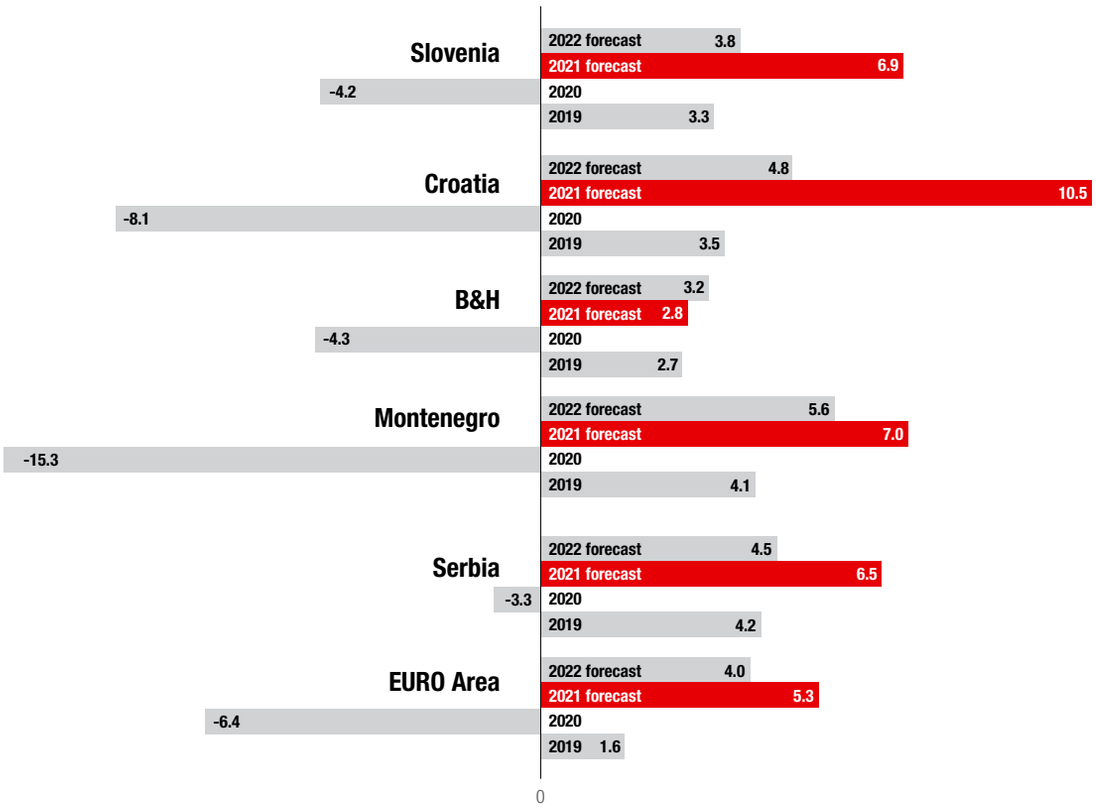
Impact of the pandemic
The Petrol Group's operations are also affected by the measures taken by countries to contain the pandemic. The sectors most affected by the pandemic include aviation, public and individual transport, tourism and personal services.

In their forecasts at the beginning of February 2022, the International Monetary Fund and the European Commission assessed the impact of the pandemic on the global economy. After significant declines in economic activity in 2020, we witnessed an **economic recovery** in 2021, despite the continuation of the pandemic. The forecast of economic growth for Petrol's largest sales market Slovenia (6.9% GDP growth, previously 3.7%) and Croatia (10.5% GDP growth, previously 4.7%) has improved significantly. According to IMAD's forecasts in the Autumn Forecast of Economic Trends, Slovenia expects a 6.1 percent growth in 2021.

To mitigate the negative effects of the epidemic, comprehensive **packages of measures** were adopted at the national level and by the European Central Bank (ECB) and the European Commission aimed at alleviating the loss of revenue of the economy and the general population, providing liquidity and supporting economic recovery.

In addition to the continuation of the epidemic, stable economic growth in 2021 was accompanied by high growth in the prices of energy products. Reasons for the high prices of energy products include increased energy demand due to economic growth, high prices of carbon dioxide allowances in the European Union (closure of thermal power plants), limited supply of natural gas from Russia, lower production of electricity from renewable sources due to the weather conditions, and a long and cold winter.

IMPACT OF THE PANDEMIC ON THE GDP CHANGE IN %



Source: International Monetary Fund, World Economic Outlook, February 2022

The Petrol Group has strictly followed the instructions of the authorities when preparing and implementing measures in all markets where it operates. Its primary concern was oriented towards measures to protect the health of Petrol's customers and employees, and it also kept the public informed about all measures.

Depending on the course of the epidemic in 2021, various measures were in place in **Slovenia** to contain the epidemic, especially measures to restrict movement, namely a restriction of movement between municipalities, a restriction of movement of people between 9 pm and 6 am (in force until 11 April 2021), difficulty crossing national borders (required tests for SARS-CoV-2 infection, quarantine …). In the first half of the year, measures restricting movement had a negative impact on transport and mobility, and thus on lower sales of petroleum products. During summer, tourist flows mostly took place on the roads, which had a positive impact on our business.

The Government of the Republic of Slovenia declared an epidemic on 19 October 2020, and last extended it by 30 days on 16 May 2021. The epidemic in Slovenia ended on 15 June 2021. Due to a significant deterioration of the epidemiological situation, the Government of the Republic of Slovenia introduced the RVT condition for the performance of most activities on 15 September 2021, which again changed purchasing habits (decline in sales of merchandise).

Similar measures have been adopted by countries in the region where the Petrol Group is present.

Impact of oil and petroleum product price movements

The Petrol Group's operations are also significantly affected by the movement of the prices of oil and oil products on the world market, the method of determining the retail prices of petroleum products and the movement of the exchange rate of the US dollar and the euro.

The average price of crude oil from January to December 2021 was USD 70.91 per barrel. Brent crude oil reached its highest value in the reviewed period on 25 October, namely USD 86.12 per barrel, and the lowest value on 4 January of USD 50.34 per barrel. Compared to the same period in 2020, the average price in 2021 was higher by 69.49 percent, the average price in EUR was 64 percent higher. Prices of motor fuels and middle distillated followed the trend of crude oil prices.

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2021 IN USD/BARREL

Source: Petrol, 2021

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2021 IN EUR/BARREL

Source: Petrol, 2021

Earlier this year, the world faced another lockdown due to the COVID-19 pandemic. Nevertheless, crude oil prices in this period reached an all-time high since January last year. An important factor influencing the relatively high price growth is Saudi Arabia's decision to limit daily production by one million barrels by April 2022. The decision of OPEC, which, as expected, did not increase the volume of production, also contributed to the growth. However, the impact of the relatively cold winter in the northern hemisphere, which has caused many outages and problems in energy distribution, and the aggravation of relations between the United States and Russia, cannot be ignored.

OPEC analysts have predicted that by the end of 2021, oil demand will rise sharply. Their words were supported by the global economic recovery. With the arrival of warmer months and the vaccination of the population, many strict “Covid” measures were limited or even shifted. The unexpectedly high decline in commercial crude oil inventories in the United States also contributed significantly to the positive changes in the oil markets. At the beginning of June 2021, we (for the first time in a year) reached the price of oil over USD 70 per barrel. The relatively high rise in prices has not been halted even by OPEC's announcement that they will abandon the policy of limiting production at the beginning of July.

Despite the forecasts, OPEC member states and Russia have failed to reach an agreement on regulating the level of crude oil pumped. In its report at the end of July, the IEA noted a stronger decline in oil stocks than originally anticipated. At the same time, the market was very optimistic about the recovery of the world economy, which led to a surplus on the demand side. If we add to this the strong tropical storms in the Gulf of Mexico (loss of production), a relatively high rise in the prices of energy products in the third quarter of 2021 was inevitable. Recent analyses of the world's largest traders in “black gold” predict that the energy crisis will continue. Increasing the price above USD 80 per barrel was thus only a matter of time. Brent exceeded the limit of USD 80 per barrel on 4 October 2021.

In addition to the continuation of the epidemic, stable economic growth in 2021 was accompanied by high growth in the prices of energy products.

At the end of 2021, due to a new COVID-19 variant, we received a lot of speculation on the market and fear of another lockdown of both society and economic activities. All this negatively affected the price of oil. Even greater price drops were prevented by overhauls at many refineries and OPEC forecasts to adjust to original forecasts of increased production volumes.

In **Slovenia**, retail prices of all petroleum products in 2021 were formed freely according to market conditions. Due to high prices of energy products, on 20 October 2021, the Government of the Republic of Slovenia adopted the Decree on setting prices for certain petroleum products, which reintroduced state regulation of the prices of heating gas oil. The maximum margin allowed was EUR 0.0600 per litre. The Decree was in force for three months.

In **Croatia**, retail prices of petroleum products formed freely on market terms in the first nine months. On 14 October 2021, the Government of the Republic of Croatia adopted the Decree on setting the maximum retail prices of petroleum products (Uredba o utvrđivanju najviših maloprodajnih cijena naftnih derivata) limiting the retail prices of petrol to a maximum of HRK 11.10 per litre (EUR 1.48 per litre) and retail diesel prices up to a maximum of HRK 11.0 per litre (EUR 1.46 per litre). On 11 November 2021, the Government of the Republic of Croatia extended the limit on the maximum retail price of 95-octane petrol and the price of diesel for one month. It has released retail prices for other fuels. On 7 December 2021, Croatia then released retail prices for petrol and diesel as well.

In **Serbia**, retail prices of petroleum products are set freely under market conditions. In **Bosnia and Herzegovina**, from 3 April 2021, the retail calculation margin is limited to a maximum of EUR 0.128 per litre - before that, the retail prices of petroleum products were formed freely under market conditions. In **Montenegro**, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting the Maximum Retail Prices of Petroleum Products, which has been in force since March 2021. The prices change fortnightly, provided that prices on the oil market (Platts European Marketscan) change and the euro and dollar exchange rates are rounded off. Before that, the prices of petroleum products were set in accordance with the Regulation on the Method of Setting the Maximum Retail Prices of Petroleum Products, which was in force from 1 January 2011.

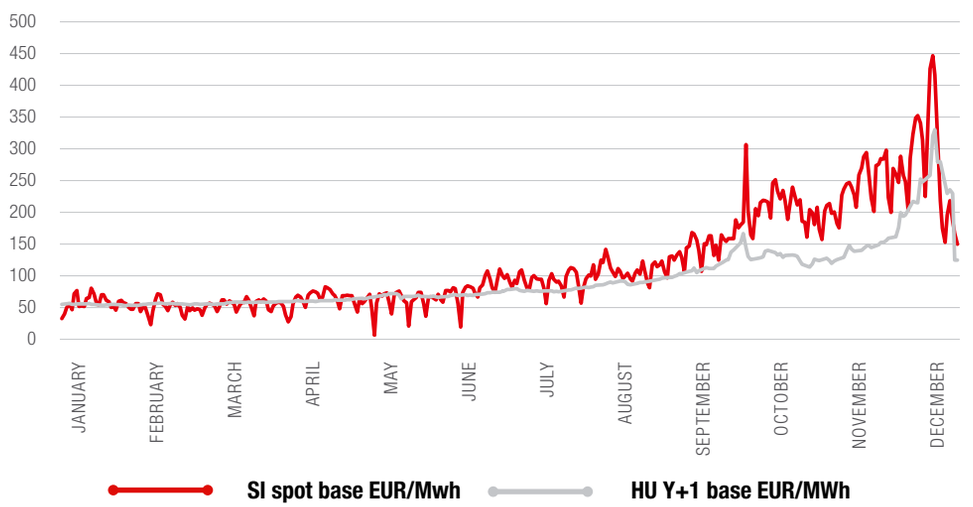
The exchange rate between the US dollar and the euro in 2021 ranged between 1.12 and 1.23 USD per 1 euro. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank in 2021 was 1.18 USD for 1 EUR.

Impact of the price movements of other energy products

Electricity

2021 was extremely exciting in the energy markets and one of the most difficult years so far, as we witnessed a remarkable rise in energy prices, while the world was still living in the grip of an epidemic. Electricity prices began to rise as early as the end of 2020 when the first COVID-19 vaccines began to appear in public, which markets accepted with optimism and the anticipation of economic growth, which then actually followed. In addition to higher economic growth, energy prices were also affected by the low inflow of natural gas into Europe, which meant that gas storage facilities failed to fill to satisfactory levels before entering winter at the end of 2021. At the same time, the EU has made a series of commitments to the transition to carbon neutrality, which call for the closure of coal-fired power plants and encourage investment in renewable energy sources. This is one of the reasons why the prices of emission allowances rose from around EUR 30 to around EUR 80 in 2021, which of course spilled over into the price of electricity. At the beginning of 2021, the price of electricity for the year ahead on the HUDEX regional exchange was still around EUR 55 per MWh, which is somewhere at the level of price movements in the last 10 years (from EUR 35 per MWh to EUR 60 per MWh), during 2021 however, the price of electricity was constantly rising and reached the level of EUR 167 per MWh at the first peak in October, and even EUR 331 per MWh at the second peak in December. The price on the daily market on the local stock exchange BSP Southpool in certain days in December 2021 reached EUR 400 per MWh and more.

TRENDS IN ELECTRICITY PRICES IN 2021



Source: Petrol, 2021

High electricity prices have been a challenge for both suppliers and customers. As a result, many suppliers adjusted their regular price list for household and small business customers (Petrol adjusted it as of 1 December 2021), and the increase in electricity prices had a special impact on the economy, which purchases energy in advance under futures products. Part of the economy, hoping for improvement, waited for the decision to purchase electricity until the end of the year, which only brought even higher, record prices.

Natural gas

2021 was extremely exciting in the natural gas market and one of the most unusual so far, as we witnessed a remarkable rise in the price of natural gas. Natural gas prices began to rise in early 2021, following the lowest levels in 2020.

The rise in prices was influenced by information and optimistic forecasts of economic growth, as vaccines against COVID-19 were developed. In order to revive the economy as soon as possible, all countries have consistently promised substantial aid. The rise in prices was further fuelled by the EU's commitments to the transition to carbon neutrality, which call for the closure of coal-fired power plants

and encourage investment in renewable energy sources. As a result, the demand for natural gas for the production of electricity in thermal power plants increased, as the value of emission allowances increased from EUR 30 to around EUR 80. Prolonged cold weather, which lasted until the second half of May, also affected stocks in Europe's natural gas storage facilities, which fell to their lowest level in recent years.

At the beginning of 2021, the price of natural gas for the year ahead on the CEGH exchange was still around EUR 17.00 per MWh, which is at the lowest level of price movements in recent years. Throughout 2021, however, the price of natural gas has been steadily rising. At the end of June it reached a level of around EUR 25.00 per MWh, in August EUR 33.00 per MWh, in September, October and November it ranged between EUR 50.00 and EUR 55.00 per MWh, in December over EUR 90.00 per MWh and on 21 December 2021 reached a record EUR 139.00 per MWh.

TRENDS IN NATURAL GAS PRICES IN 2021

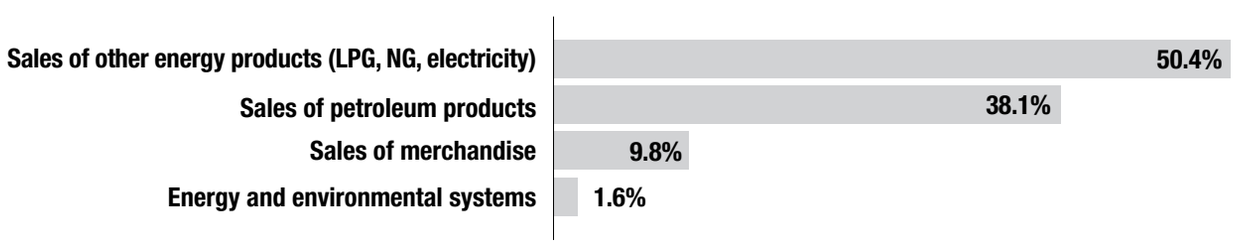
Source: Petrol, 2021

Operations of the Petrol Group

Sales revenue

In 2021, the Petrol Group generated sales revenues in the amount of EUR 5 billion, which is 61 percent more than in 2020 and 13 percent more than in 2019 (pre-pandemic period). In 2021, we encountered various measures by countries to contain the epidemic, which restricted movement both between local communities and between countries. Revenues increased compared to the previous year, mainly due to higher sales of natural gas and higher prices of oil and other energy sources and also the incorporation of E 3, d.o.o. and Crodux Derivati Dva d.o.o. into the Petrol Group.

STRUCTURE OF PETROL GROUP'S SALES REVENUES IN 2021 BY ACTIVITIES



In 2021, the Petrol Group sold 3.1 million tons of petroleum products, which is 4 percent more than in the same period in 2020, of which 44 percent in retail and 56 percent in wholesale. The largest decline was recorded in the sale of fuels to EU markets, especially in Italy, where a large number of excise warehouses were closed, which prevented larger imports of petroleum products into the country. Retail was mainly affected by countries' measures to restrict movement to contain the COVID-19 epidemic. In 2020, the lockdown was in mid-March, while in 2021 the biggest constraints were in the first months of the year. Thus, compared to 2020, we sold less motor fuels, especially in the first two months, while sales in the rest of the year were higher than in the same period of the previous year. In addition, in 2020 we sold significantly more extra light heating oil in the first half of 2020 than in 2021, and sales of extra light heating oil in the thirst half of the year were higher compared to the same period in 2020. In addition, due to the extremely low prices of petroleum products, we sold significantly more extra light heating oil in 2020 than in 2021, and we usually sell the most in the autumn months. In 2021, we sold 1,420.7 thousand tons of petroleum products in Slovenia, which represents 45 percent of the Petrol Group's total sales. We sold 1061.6 thousand tons of petroleum products to the markets of SE Europe, which represents 34 percent of the Petrol Group's total sales, and 666.0 thousand tons of petroleum products to the EU markets, which represents 21 percent of the Petrol Group's total sales.

Retail was mainly affected by countries' measures to restrict movement to contain the COVID-19 epidemic.

At the end of June 2021, the Petrol Group managed over 593 service stations, of which 318 were in Slovenia, 202 in Croatia, 42 in Bosnia and Herzegovina, 16 in Serbia and 15 in Montenegro.

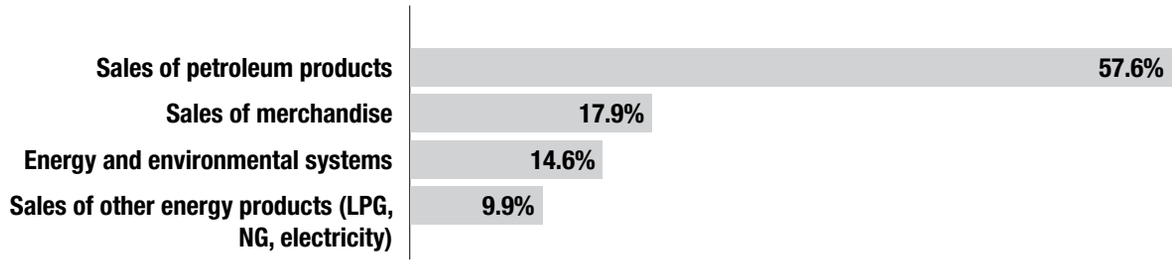
In 2021, we generated EUR 487.2 million in revenues from the sale of merchandise, which is 9 percent more than in the same period in 2020. Since 15 September, due to the introduction of the RVT condition in Slovenia, we have seen a significant drop in sales in this segment.

In 2021, we also sold 141.2 thousand tons of LPG, 36.0 TWh of natural gas, 15.1 TWh of electricity and 165.4 thousand MWh of heat.

Adjusted gross profit

Adjusted gross profit in the period under review totalled EUR 543.4 million, which is 27 percent more than in 2020 and 15 percent more than in 2019. In 2021, we ensured better purchasing conditions for both petroleum products and merchandise. In addition, after the release of the formation of sales prices, we were able to include in the sales price of petroleum products on the Slovenian market the real costs of the biocomponent, which must be added to fossil fuels in accordance with the legislation. We have been very successful in selling natural gas. Due to more stable conditions on the EU markets, we achieved better financial results despite lower sales on the Italian market. In the last weeks of March 2020, the impact of the COVID-19 epidemic was already present in these markets. As a result, the surplus of goods on the market led to a sharp drop in prices on the world market for petroleum products, which led to much worse financial results in 2020 than in 2021. The impact of the epidemic on the Petrol Group's operations was greatest in the second quarter of 2020 and in the first quarter of 2021, as countries adopted a series of measures to contain the epidemic, which restricted movement between countries and local communities. This led to lower sales of motor fuels, which are Petrol's main sales item. In early October, Petrol d.d., Ljubljana, completed the acquisition of a 100 percent interest in the Croatian company Crodux Derivati Dva d.o.o. after fulfilling the suspensive conditions, which affected on the growth of gross profit in the last quarter of 2021.

STRUCTURE OF ADJUSTED GROSS PROFIT OR LOSS OF THE PETROL GROUP IN 2021 BY ACTIVITIES



Operating costs of the Petrol Group in 2021 amounted to EUR 425.1 million, which is EUR 59.1 million or 16 percent more than in 2020 and EUR 78.9 million or 23 percent more than in 2019.

The share of operating costs in adjusted gross profit in 2021 was 78.2 percent, which is more than in the period before the pandemic, mainly due to accrued costs for onerous contracts from previous years and onerous contracts for the sale of electricity. On the other hand, we recorded the growth of other operating revenues from the same title.

OPERATING COSTS OF THE PETROL GROUP

The Petrol Group (EUR)	2021	2020	Index 2021/2020
Cost of materials	29,296,024	27,934,256	105
Cost of services	147,697,919	133,344,297	111
Labour costs	114,341,509	102,856,574	111
Depreciation and amortisation	79,091,758	74,994,167	105
Other costs	54,698,358	26,938,726	203
Operating costs	**425,125,568**	**366,068,020**	**116**

The costs of materials totalled EUR 29.3 million in 2021, which was EUR 1.4 million or 5 percent more than in 2020.

- Energy costs increased by EUR 1.6 million or 8 percent, of which EUR 0.8 million due to higher network charges for the natural gas and electricity transmission network, and EUR 0.3 million due to the incorporation of Crodux Derivati Dva d.o.o. into the Petrol Group, by EUR 0.3 million due to the higher costs of gas consumed in the Geoplin Group and by EUR 0.3 million due to the higher fuel costs for engine propulsion.
- Costs of consumables decreased by EUR 0.2 million or 3 percent. Among them, the costs of materials for maintenance, cleaning supplies and personal protective equipment in the parent company decreased the most, while they increased by EUR 0.3 million in the Ekoen Group and by EUR 0.2 million due to the incorporation of Crodux Derivati Dva d.o.o. into the Petrol Group.

The costs of services in 2021 totalled EUR 147.7 million and were up EUR 14.4 million or 11 percent from 2020.

- The most significant item in the costs of services were the costs of transport services, which stood at EUR 33.1 million and increased by EUR 4.1 million or 14 percent compared to the previous year. Sales of petroleum products increased by 4 percent, of which 5.4 percentage points were due to the incorporation of Crodux Derivati Dva d.o.o into the Petrol Group - transport costs increased by EUR 1.8 million due to the company's incorporation into the Petrol Group (5.5 percent of the Group's transport costs), and they additionally increased by EUR 1.1 million (mainly costs of data transfer, postal and telephone services) due to the incorporation of E 3, d.o.o. into the Petrol Group. Due to the fall in sales of liquefied petroleum gas in the LPG Group, costs in this company decreased by EUR 0.3 million.
- Cost of service station managers amounted to EUR 30.8 million and were down EUR 3.8 million or 11 percent compared to the previous year, most of them due to the transfer of service stations to the Company's management and others due to lower student labour costs.

- The costs of fixed asset maintenance services amounted to EUR 24.9 million, an increase of EUR 4.2 million or 20 percent compared to the previous year, mainly due to higher prices for cleaning service stations and the increased maintenance of facilities and equipment. The latter was quite limited in 2020 due to the COVID-19 epidemic. Impact of the incorporation of Crodux Derivati Dva d.o.o. and E 3, d.o.o. into the Petrol Group amounted to EUR 1.1 million.
- The costs of payment transactions and bank services amounted to EUR 12.9 million, which was EUR 3.3 million or 34 percent more than in the previous year, of which an increase of EUR 1.8 million is due to the incorporation of Crodux Derivati Dva d.o.o. and E 3, d.o.o. in the Petrol Group. The reason for the remaining increase is higher sales than in the previous year and higher prices of petroleum products.
- The costs of professional services stood at EUR 9.4 million in 2021 and were down EUR 0.5 million or 5 percent compared to the previous year, mainly due to lower costs of external consultants (M&A projects) and lower student labour costs. Within this, the costs of new companies in the Petrol Group - Crodux Derivati Dva d.o.o. and E 3, d.o.o. - increased by EUR 0.8 million.
- Lease payments totalled EUR 8.4 million and were up EUR 3.1 million or 58 percent from 2020, of which EUR 0.9 million are due to the incorporation of Crodux Derivati Dva d.o.o. and E 3, d.o.o. into the Petrol Group; the reason for the remaining excess is mainly in the higher costs of leasing computer equipment (dynamics of the division between costs and investments).
- Amounting to EUR 6.7 million, the costs of fairs, advertising and entertainment increased by EUR 1,8 million compared to 2020, when we reduced the volume of advertising to a minimum due to the COVID-19 epidemic.
- The costs of insurance premiums totalled EUR 4.9 million and were up EUR 0.8 million or 18 percent from 2020, mainly due to rising prices in the insurance market.
- Outsourcing costs stood at EUR 4.0 million and were down EUR 0.2 million or 5 percent relative to 2020.
- Other costs of services totalled EUR 5.0 million and were up EUR 1.6 million or 47 percent from 2020.

Labour costs totalled EUR 114.3 million and were up 11 percent or EUR 11.5 million compared to 2020. In line with the measures taken by countries to contain the COVID-19 epidemic, the Petrol Group made use of measures relating to the reimbursement of labour costs of EUR 0.6 million, while in 2020 this amount amounted to EUR 4.8 million, these effects are recorded as a decrease in labour costs. Due to the expense of the merger of Crodux Derivati Dva d.o.o. and E 3, d.o.o., costs increased by EUR 6.3 million, and by EUR 2.7 million due to the transfer of service stations to the Company's management.

The **depreciation and amortisation charge** stood at EUR 79.1 million, an increase of 5 percent or EUR 4.1 million relative to 2020. They increased by EUR 5.2 million due to the merger of Crodux Derivati Dva d.o.o. and E 3, d.o.o. with the Petrol Group, but due to the lower volume of investments, they decreased in the parent company.

Other costs stood at EUR 54.7 million, which was EUR 27.8 million more than in 2020. Compared to the previous year, the costs of impairments and write-offs decreased by EUR 1.9 million, while accrued costs increased (onerous contracts for the sale of electricity (on the other hand, higher other operating revenues), liabilities for biogas plants – onerous contracts, accrued costs of non-compliance with obligations to ensure energy savings and accrued costs of renewable energy sources – biocomponent).

In 2021 we continued with the optimisation of costs and streamlining operations, which is already reflected in the operations of the Petrol Group.

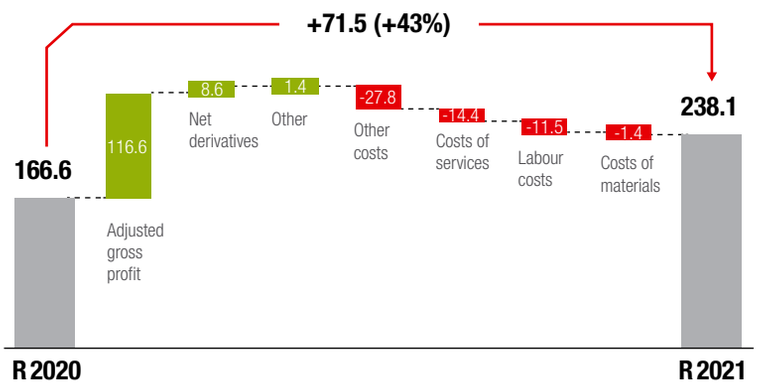
Other operating revenue stood at EUR 277.3 million, which was EUR 171.6 million more than in 2020. Gain on derivatives totalled EUR 269.9 million or 169.8 million more than in 2020. **Other operating expenses** stood at EUR 236.6 million, which was EUR 161.6 million more than in 2020. Loss on derivatives totalled EUR 235.7 million or 161.3 million more than in 2020.

The Petrol Group is exposed to price and volumetric risks arising from trade in energy products (petroleum products, natural gas, electricity, LPG). The Petrol Group manages price and volumetric risks primarily by striving to harmonise purchases and sales of energy products, both in terms of volumes and purchase and sale conditions and thus protects the generated margin on energy products. Depending on the business model of the energy product, limits are set that limit the exposure to price and volumetric risks. To protect the price of petroleum products, the Petrol Group mainly uses derivative financial instruments. The partners are global financial institutions and banks or suppliers of goods, so the Petrol Group estimates that the risk of non-fulfilment of concluded contracts is minimal. In electricity trading, the Petrol Group also concludes derivative financial instruments with financial institutions where the risk of the non-performance of concluded contracts is minimal, taking into account the accepted market value limits. The value of financial transactions changes annually according to the movement of market prices and the need to protect our portfolio.

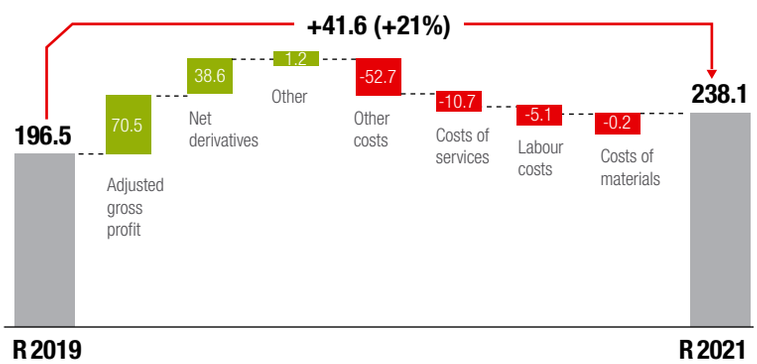
EBITDA of the Petrol Group broken down by activity

EBITDA in 2021 amounted to EUR 238.1 million, which is 43 percent more than in 2020 and 21 percent more than in 2019, which we managed to achieve by successfully adjusting sales to market conditions and efficient cost management.

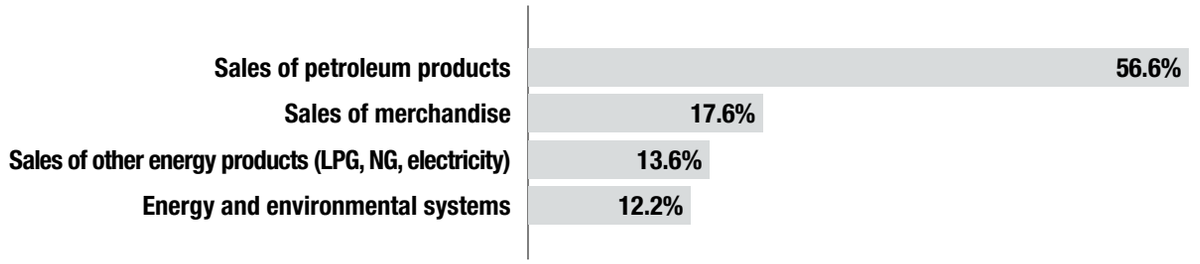
EBITDA IN 2021 COMPARED TO 2020 IN EUR MILLION



EBITDA IN 2021 COMPARED TO 2019 IN EUR MILLION



STRUCTURE OF THE EBITDA OF THE PETROL GROUP IN 2021 BY ACTIVITIES



Operating profit totalled EUR 159.0 million or 74 percent more than in 2020 and 28 percent more than in 2019.

Shares of investment income valued according to the equity method amounted to EUR 2.6 million, which is EUR 0.9 million or 26 percent less than in 2020 and 1 percent more than in the same period in 2019.

Net finance expenses of the Petrol Group stood at EUR 10.2 million, which was EUR 0.5 million more than in 2020 and EUR 6.7 million more than in 2019. In 2021 net loss on exchange rate differences were up 7.5 million higher compared to the same period in 2020, and net revenues from derivative financial instruments in EUR 2021 were EUR 5.1 million higher than in 2020, whereas net interest income was up by EUR 6.2 million. In 2021, the value adjustment of operating receivables was up EUR 6.0 million compared to the previous year, while impairments of investments and goodwill were down EUR 2.8 million.

Operating profit before taxes in 2021 totalled EUR 151.4 million or 77 percent more than in 2020 and 19 percent more than in 2019. **Net profit** realised in 2021 amounted to EUR 124.5 million, which is 72 percent more than in 2020 and 18 percent more than in 2019.

The **balance sheet total** of the Petrol Group as at 31 December 2021 amounted to EUR 2.4 billion, which is 33 percent more than at the end of 2020. Non-current assets amounted to EUR 1.3 billion, which is 23 percent more than at the end of 2020, and current assets amounted to EUR 1.1 billion, which is 48 percent more than at the end of 2020. Compared to the end of 2020, current operating receivables increased by EUR 283.9 million. The growth of balance sheet items was mainly influenced by the incorporation of Crodux Derivati Dva d.o.o. and E 3, d.o.o. into the Petrol Group and rising energy prices.

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

The Petrol Group (EUR million)	2021	2020	2021/2020 Index
Adjusted gross profit	543.4	426.9	127
Labour costs, including government grants	114.3	102.9	111
Labour costs, excluding government grants	115.0	107.6	107
EBITDA, including government grants	238.1	166.6	143
EBITDA, excluding government grants	238.7	161.8	148
Pre-tax profit, including government grants	151.4	85.5	177
Pre-tax profit, excluding government grants	152.1	80.7	188

Financial position of the Petrol Group

Statement of the financial position of the Petrol Group

The Petrol Group (EUR)	31 December 2021	Adjusted* 31 December 2020	2021/2020 Index
Assets			
Intangible assets, property, plant and equipment, investment property	1.129.174.349	922.376.264	122
Investments in jointly controlled entities and associates	55.874.127	56.515.407	99
Right-of-use assets	102.621.512	62.401.606	164
Other non-current assets	24.733.320	27.680.805	89
Non-current (long-term) assets	**1.312.403.308**	**1.068.974.082**	**123**
Inventories	178.191.288	140.154.195	127
Operating receivables	650.343.180	366.441.439	177
Cash and cash equivalents	100.226.890	88.674.952	113
Other current assets	142.286.765	127.833.783	111
Current assets	**1.071.048.123**	**723.104.369**	**148**
Total assets	**2.383.451.431**	**1.792.078.451**	**133**
Equity and liabilities			
Total equity	**908.698.005**	**826.669.437**	**110**
Financial liabilities	433.812.995	303.431.060	143
Lease liabilities	92.991.633	54.397.111	171
Operating liabilities	5.661.782	727.182	779
Other non-current liabilities	79.870.672	78.184.574	102
Non-current liabilities	**612.337.082**	**436.739.927**	**140**
Financial liabilities	65.958.447	48.766.555	135
Lease liabilities	13.768.130	10.069.352	137
Operating liabilities	690.456.613	437.216.148	158
Other current liabilities	92.233.154	32.617.032	283
Current liabilities	**862.416.344**	**528.669.087**	**163**
Total liabilities	**1.474.753.426**	**965.409.014**	**153**
Total equity and liabilities	**2.383.451.431**	**1.792.078.451**	**133**

*After having newly analysed the contract of gas purchase in the subsidiary, we found that, in line with IFRS 15, goods were actually not purchased; hence it is more appropriate to disclose the transaction as a short-term loan. The Group thus decreased the value of inventory and increased the value of financial receivables on 31 December 2020.

The most important items in the **non-current assets** consisted of property, plant and equipment, intangible fixed assets and investment property, which totalled EUR 1.1 million and were EUR 206.8 million higher than at the end of 2020. Right-of-use assets totalled EUR 102.6 million at the end of 2021, which was 64 percent more than at the end of 2020. Non-current investments in jointly controlled entities and associates stood at EUR 55.9 million, which was EUR 0.6 million less than in 2020.

The management of **current assets**, which accounted for 45 percent of the Petrol Group's total assets, is given particular attention. The amount of the current operating assets affects the amount of borrowing from suppliers and banking institutions. With short-term crediting ensured both at home and abroad, we are, however, able to respond quickly to changes in the amount of these assets. Compared to the end of 2020, the balance of operating receivables as at the last day of 2021 increased by 77 percent.

The value of inventories increased by 27 percent year-on-year. Oil prices were higher at the end of 2021 than at the end of 2020.

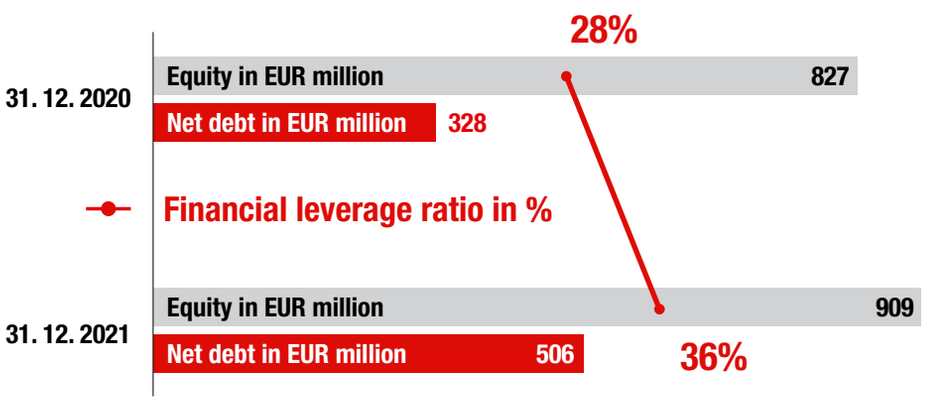
In the area of credit risk management, we closely follow all procedures of credit insurance companies. The Petrol Group has secured 78 percent of all receivables, which individually exceed a nominal value of EUR 100,000. We monitor customer payments on a daily basis and, where appropriate, adopt measures to reduce credit risk. Despite the negative impact on the economy, payment discipline has not significantly deteriorated so far.

As at the last day of the period, the Petrol Group had EUR 126.6 million in **working capital** or EUR 70.2 million more than at the end of 2020 when it had stood at EUR 56.4 million.

Cash flows generated from operations amounted to EUR 177.0 million in 2021, which is EUR 39.7 million more than in 2020. The Petrol Group used own revenues for investment activities, the payment of dividends and repayment of loans while missing funds were secured from banks. The net financial liabilities to equity ratio (**net D/E ratio**) was 0.6 as at the last day of 2021, while at the end of 2020 it had stood at 0.40. **The net debt to EBITDA ratio** stood at 2.1 at the end of 2021 compared to 2.0 at the end of 2020. **The financial leverage ratio** stood at 36 percent at the end of 2021, up from 28 percent at the end of 2020.

Due to the ongoing COVID-19 pandemic, we set a high priority in 2021 to ensuring an adequate liquidity structure. We took advantage of favourable market conditions and carried out extensions/refinancing, as well as cancellations of credit lines. When determining the needs for additional potential debt, we took into account the appropriate net debt to EBITDA ratio.

EQUITY, NET DEBT AND FINANCIAL LEVERAGE RATIO



The Petrol Group's **net investments** in property, plant and equipment, intangible fixed asset and long-term investments of the Petrol Group totalled EUR 233.2 million in 2021, of which EUR 192.2 million for the acquisitions of companies Crodux Derivati Dva d.o.o. and E 3, d.o.o. In 2020, we allocated EUR 85.4 million for investments.

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

A shareholder policy that is based on the long-term maximisation of returns for shareholders is still one of the cornerstones of Petrol's development strategy. The Management Board of Petrol d.d., Ljubljana advocates a stable long-term dividend policy, which best fits the Petrol Group's long-term development targets.

Despite the pandemic, Petrol d.d., Ljubljana, paid out the dividend in 2021, amounting to EUR 22.0 per share, which is the same as in 2020, when the highest dividend to date was paid.

In 2021, Standard & Poor's Ratings Services reaffirmed Petrol d.d., Ljubljana's "BBB–" long-term credit rating, its »A-3» short-term credit rating and its "stable" credit rating outlook.

ALTERNATIVE PERFORMANCE MEASURES

To present its business performance, the Petrol Group also uses alternative performance measures (APMs) as defined by ESMA. The APMs we have chosen provide additional information about the Petrol Group's performance.

LIST OF ALTERNATIVE PERFORMANCE MEASURES

APM	Calculation information	Reasons for choosing the measure
Adjusted gross profit	Adjusted gross profit = Revenue from the sale of merchandise and services – Cost of goods sold	The Petrol Group has no direct influence over global energy prices, which makes the adjusted gross profit more appropriate to monitor business performance.
EBITDA	EBITDA = Operating profit without allowances for operating receivables and impairment of goodwill + Depreciation and amortisation charge. Until the end of 2020, the depreciation of environmental fixed assets was excluded because long-term deferred revenue had been created for this purpose which was reallocated each year to other operating revenue at an amount corresponding to the depreciation of environmental fixed assets. In 2020, the depreciation of environmental fixed assets amounted to EUR 10.0 thousand.	EBITDA indicates business performance and is the primary source for ensuring returns to shareholders.
EBITDA/Adjusted gross profit	Ratio = EBITDA/Adjusted gross profit	The ratio is a good approximation of the share of free cash flows from operating activities in adjusted gross profit.
Operating costs/Adjusted gross profit	Ratio = Operating costs/Adjusted gross profit	The ratio is relevant because it concerns the cost-effectiveness of operations.
Net debt/Equity	Net debt = Current and non-current financial liabilities + Current and non-current lease liabilities – Cash and cash equivalents; Ratio = Net debt/Equity	The ratio reflects the relation between debt and equity and is, as such, relevant for monitoring the Company's capital adequacy.
Net debt/EBITDA	Ratio = Net debt/EBITDA	The ratio expresses the Petrol Group's ability to settle its financial obligations, indicating in how many years financial debt can be settled using existing liquidity and cash flows from operating activities.
ROE	ROE = Net profit/Average equity	The ratio indicates the Petrol Group's efficiency to generate net profit relative to equity. Return on equity also reflects management's performance in increasing the value of the Company for its owners.
ROCE	ROCE = Operating profit / (Total assets – Current liabilities)	The ratio shows how efficient the Petrol Group is in generating profits from its long-term sources of finance.
Added value/Employee	Added value per employee = (EBITDA + Integral labour costs)/Average number of employees. Integral labour costs = Labour costs relating to Petrol Group employees + Labour costs relating to third-party managed service stations, which stood at EUR 25.2 million in 2021 and EUR 28.1 million in 2020.	This productivity ratio indicates average newly created value per Petrol Group employee.
Working capital	Working capital = Operating receivables + Contract assets + Inventories – Current operating liabilities – Contract liabilities	The ratio reflects operational liquidity of the Petrol Group.
Financial leverage	Financial leverage = Net debt/(Equity + Net debt)	Financial leverage indicates the proportion to which the Petrol Group's operations are financed through equity relative to borrowing.
Net investments	Net investments = Investments in fixed assets (EUR 54.7 million in 2021) + Non-current investments (EUR 192.2 million in 2021) – Disposal of fixed assets (EUR 13.6 million in 2021).	The information about investments reflects the direction of the Petrol Group's development.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

- At its 8th meeting on 17 February 2022, the Supervisory Board of Petrol d.d., Ljubljana took note of the operations relating to electricity production from renewable sources and gave its consent to the Management Board of Petrol d.d., Ljubljana to invest in solar power plants in Knin, Croatia. These are three large solar power plants with a total installed capacity of 22 MW and with an expected electricity production of 29 GWh, the development of which was completed in 2021. The solar power plants, with a total investment value estimated at EUR 17 million, will start producing electricity in early 2023.
- The Petrol Group's operations are integrated into international energy flows. The war in Ukraine is also affecting the energy market, which is mainly reflected in rising energy prices, while energy supplies are currently uninterrupted.
  The Petrol Group does not have its own companies or representative offices in Ukraine, the Russian Federation and Belarus. The share of sales revenue generated by the Petrol Group in these markets is negligible, and the purchase of energy products in these markets, except for natural gas, represents a small share in the Petrol Group's purchasing portfolio. In 2021 and the first two months of 2022, Russia as a source of supply has accounted for less than 7 percent as regards Petrol d.d., Ljubljana's middle distillates (diesel and extra light heating oil), and as for petrol, we do not import it from Russia.
  The largest part of the Petrol Group's operations with companies from the Russian Federation is the purchase of natural gas, which takes place through Geoplin d.o.o., Ljubljana. For the time being, deliveries from Russia are going smoothly and in accordance with contractual obligations. Geoplin d.o.o., Ljubljana has a diversified supply portfolio and will do everything in its power to ensure the uninterrupted supply of natural gas to its customers.
  The Petrol Group closely monitors the situation in both the energy and financial markets. As a provider of essential services under the Information Security Act, we also carry out appropriate security measures and activities. For the time being, the Petrol Group's operations are running smoothly, we are monitoring the situation through a risk identification and management system and taking appropriate measures to ensure an uninterrupted supply of energy. After analysing the impact of the situation in Russia and Ukraine on our operations, we estimate that the situation known at the time of preparing the annual report does not affect the fulfilment of the Petrol Group's plan for 2022.
- In 2022, energy prices continue their upward progress, to which governments respond with various regulatory measures in the markets, in which the Petrol Group is active. The effects of regulation are continuously being considered; however, due to ongoing changes during the drawing up of the annual report, we are not in a position to be able to precisely assess the potential impact on the realisation of the Petrol Group's plan for 2022.

RISK MANAGEMENT

The Petrol Group operates in two challenging business activities: trading and energy. Both are facing significant changes, which require a fresh perspective on the key business model concepts. In the energy segment, increasing importance is given to energy efficiency, to new uses of existing energy products and to the development of new ones. There is increasing awareness of sustainable development, accompanied by tightening regulations. In trading, we are noticing a shift in the behaviour of end-customers who are becoming more aware, engaged and digitally skilled.

The Petrol Group is aware of the changes and addresses them in the 2021–2025 strategy. We are addressing the trends in the energy industry with a comprehensive range of energy solutions. Thanks to new digital channels, a broader range of energy products and personalised offer, we will be even closer to our customers, helping them make a transition from traditional energy sources to cleaner renewable energy. The described changes in the business environment and related trends bring new risks and opportunities. In its 2021–2025 strategy, the Petrol Group has adjusted its business objectives according to its risk management policies and its risk appetite.

Risk management in 2021

In October 2021, the **acquisition of the Croatian company Crodux Derivati Dva d.o.o. was completed**. In the last months of the year, integration procedures into the Petrol Group began. From the point of view of financial risks, we examined the customers of Crodux Derivati Dva d.o.o. The employees of this company learned about the rules of the Petrol Group in the field of credit risk management. In addition, we carried out procedures for the incorporation of the new company into the Petrol Group's credit insurance scheme as of 1 January 2022. In the area of liquidity risk management, we also paid additional attention to the incorporation of the new company into the Petrol Group.

In the last quarter of 2021, we witnessed an extraordinary **rise in the prices of all energy products**, including petroleum products, gas and electricity. Price growth has a significant impact on the management of price and volumetric risks in the Petrol Group, so in the last months of 2021, we paid a lot of attention to the management of these risks.

In 2021 the **pandemic** was an additional and significant risk management factor with a sweeping impact on the Petrol Group's operations. The Petrol Group responded to the pandemic crisis in a comprehensive manner as early as 2020; we continued in the same way in 2021. Part of the activities is focused on ensuring the health of customers and employees, uninterrupted operations in changed circumstances and identifying and managing risks. Other activities have a long-term focus so that the Petrol Group could operate without interruption in a very different business environment. A report on the impact of the COVID-19 pandemic on the Petrol Group's operations and risk management is also available in the chapter Performance analysis of the Petrol Group 2021.

In the second quarter of 2021, the Petrol Group again performed a **risk assessment**. According to the new results of the risk assessment, the following financial risks remain among the most relevant and most probable risks: credit, price and volumetric risks, as well as foreign exchange risk. In 2021, several activities were carried out in this area. The result is the adoption of updates to the methodology for assessing and monitoring risks, the active operation of committees and the improvement of processes that currently control and monitor risk management at a global level and contribute to reducing the Petrol Group's exposure to individual financial risks.

In connection with **credit risks**, we paid attention to our customers' solvency and, by extension, the balance and quality of operating receivables. We have also continued to build on the solid foundations laid in recent years in terms of the collaterals we hold. As at 31 December 2021, 78 percent of Petrol's trade receivables individually exceeding EUR 100,000 were secured through insurance policies, bank guarantees and other appropriate insurance instruments. In 2019, credit risk management was upgraded as we switched to a new information system that monitors our partners' credit risk and supports the process of setting credit limits. The system was deployed within the parent company in 2019 and at a subsidiary in 2020. Most other Group companies of major significance transitioned to the new system in 2021, as scheduled.

According to the new risk assessment results, credit, price, volumetric and foreign exchange risks remain among the most important and most probable risks.

The **Credit Committee** continued to actively pursue its mandate. Realising that our partners, like us, will also face the financial consequences of the pandemic, much attention was paid to receivables management.

Liquidity of the Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by managing the Petrol Group's debt. In ensuring the structural liquidity of the Petrol Group we follow the guidelines set out in connection with the rating assigned to us by Standard & Poor's Ratings Services. In 2021 our investment grade BBB– **long-term credit rating**, A-3 short-term credit rating and our stable credit rating outlook were reaffirmed by the agency. This continues to provide us with better access to financial resources and, at the same time, a stable financial position. In 2021 the Petrol Group's Management of Assets and Liabilities Board continued to monitor liquidity, foreign exchange and interest rate risks.

The Petrol Group plays an increasingly important role in electricity sales, distribution and trading and the sale of natural gas, which is why in 2021, a lot of attention was devoted to **credit, price and volumetric risks**. Most attention was paid to the sale of electricity to end-customers, where we completely overhauled the system of monitoring volumetric and price risks beyond quantity limits (by individual segments). Monitoring volumetric and price risks through quantity limits was also introduced in electricity production from own sources and in natural gas sales to end-customers, where we additionally introduced an improved system of monitoring the credit risks of wholesale partners. In electricity trading, the monitoring of volumetric and price risks underwent minor overhauls.

In addition to the main financial risks, the most relevant and probable risks include economic environment risks, business decision-making risks, financial environment risks, process risks, strategic decision-making risks, information systems risks and interest rate risks. All these risks were assessed higher in 2021 than in the previous assessment in 2019.

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

Strategic outline for risk management at the Petrol Group

In risk management, the Petrol Group pursues a strategic direction of ensuring stable business growth while accepting moderate risks. We adjust the required rate of return to the expected risks.

The risks we are willing to take on are those arising from the Petrol Group's development strategy. It allows further stable business growth and the dynamic development of new business models. We tread carefully, however, when taking on risks arising from:

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

But we are not willing to take on the following risks:

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

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

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

Petrol's risk model with most relevant and probable risk

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

RISK CATEGORIES WITHIN THE PETROL GROUP

I. Environment risks

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

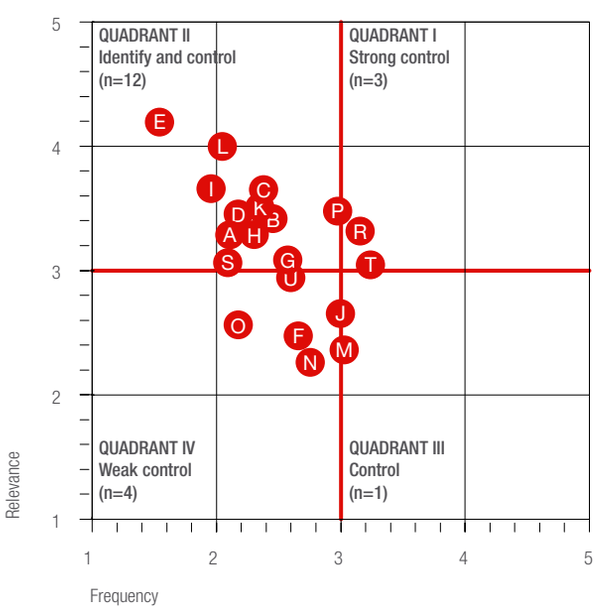
II. Performance risks

II.1. Operational risks
II.1.1. Human resources management and leadership risks
II.1.2. Process risks
II.1.3. Information system risks
II.1.4. Security and safety risks
II.1.5. Risks of discontinued operations
II.2. Strategic risks
II.2.1. Strategic decision-making risks
II.2.2. Business decision-making risks
II.2.3. Information risks
II.3. Risks of fraud and other illegal acts
II.3.1. Risks of criminal offences/fraud
II.3.2. Corporate integrity risks
II.4. Financial risks
II.4.1. Price and volumetric risks
II.4.2. Credit risks
II.4.3. Liquidity risks
II.4.4. Foreign exchange risks
II.4.5. Interest rate risks

The last risk assessment was carried out in 2021. According to the results of the assessment, the following financial risks remain among the most relevant and most probable risks: credit, price and volumetric risks, as well as foreign exchange risk. To control and manage these risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include economic environment risks, business decision-making risks, financial environment risks, process risks, strategic decision-making risks, information systems risks and interest rate risks.

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

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

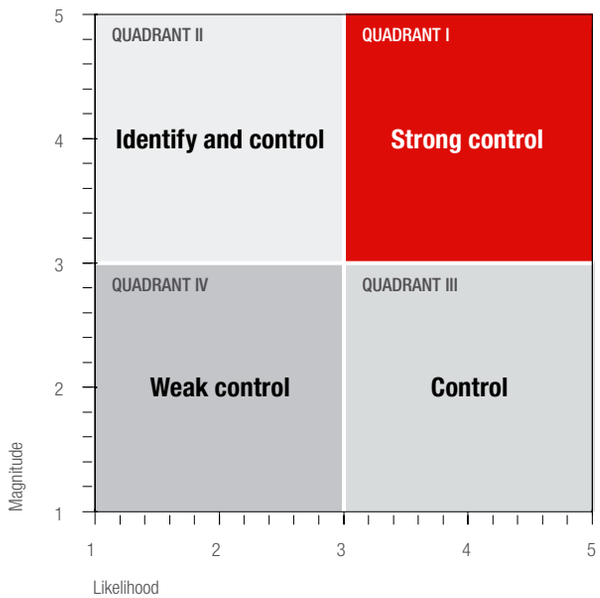


A Political risks
B Financial environment risks
C Economic environment risks
D Legislation and regulation risks
E Disasters
F Human resources management and leadership risks
G Information system risks
H Security and safety risks
I Risks of discontinued operations
J Process risks
K Business and financial decision-making risks
L Strategic decision-making risks
M Information risks
N Risks of criminal offences/fraud
O Corporate integrity risks
P Price and volumetric risks
R Credit risks
S Liquidity risks
T Foreign exchange risks
U Interest rate risks

Frequency level legend:
1 - the event can be realised less than once every three years;
2 - the event can be realised at least once every three years, but not more often than 2 times a year;
3 - the event can be realised more than 2 times a year, but not more often than once a month;
4 - the event can be realized more than once a month, but not more often than once a week;
5 - the event can be realised more often than once a week.

Importance level legend:
1 - potential damage to operations is less than EUR 50,000;
2 - potential damage to operations ranges from EUR 50,001 to EUR 250,000;
3 - potential damage to operations ranges from EUR 250,001 to EUR 1000000;
4 - potential damage to operations ranges from EUR 1,000,001 to EUR 5,000,000;
5 - potential damage to operations is greater than EUR 5,000,001.

THE PETROL GROUP'S RISK MANAGEMENT MATRIX WITH CONTROL METHODS



In 2021 individual risk categories were managed as follows:

I. ENVIRONMENT RISKS

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

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

We also try to identify the **financial environment risks** through financial planning and simulations, as well as through cooperation with the financial environment (banks, financial institutions, investors). These risks are taken into account when preparing a strategic business plan and are discussed at the Balance Sheet Management Board.

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

II. PERFORMANCE RISKS

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

II.1. Operational risks

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

Process risks refer to a potential loss resulting from incorrectly defined/set up organisational processes, their ineffective/inefficient execution and unresponsiveness to changes in the Company's external/internal environment. The Petrol Group therefore actively reviews all of its business processes. At the same time, we are developing a process architecture that will determine the owners and administrators of individual processes.

Nowadays, information infrastructure is also becoming increasingly important. The risk of **information systems** not being properly set up, not functioning correctly, not being sufficiently secure or being prone to interruptions, or of errors occurring in the collection and processing of data, or of the systems not being responsive to changes in the external and internal environment or to the needs of users, is extremely relevant, which is why we pay considerable attention to this field. The projects addressing this risk include the replacement of the Petrol Group's ERP system and the deployment of a new CRM system, which was implemented in 2019 in the parent company, in 2020 in a subsidiary in Croatia, while other major companies in the group transitioned to the new system in 2021, as scheduled. In 2022, some other subsidiaries will join the new system.

Human resources management and leadership risks are controlled through the regular measurement of organisational climate across the Petrol Group, the annual interview system and the assessment of management skills, the measurement of the quality of internal services and the adopted human resources strategy. The Petrol Group is increasingly aware of the importance of human resources, as they became more relevant in the last risk assessment.

II.2. Strategic risks

Strategic risks are closely connected to operational risks. They include strategic decision-making risks, business decision-making risks and information risks, with the latter being the most relevant and frequent, according to the latest assessment. They are followed by strategic decision-making risks, while the risks of providing information were ranked lower.

Business decision-making risks are managed by implementing and improving various organisational rules and by regularly monitoring operations and reporting to various stakeholders. **Strategic decision-making risks** are mitigated by means of a clearly defined strategy, by exercising control over its implementation and via annual conferences.

II.3. Risks of fraud and other illegal acts

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

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

Risk management is included in all aspects of the Petrol Group's operations.

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

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

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

II.4. Financial risks

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

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

Price and volumetric risks and foreign exchange risks

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

The Petrol Group purchases petroleum products under international market conditions and pays for them mostly in US dollars, while sales take place in local currencies (mainly in EUR). This exposes the Petrol Group 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 the 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 derivative financial instruments, in particular commodity swaps in the case of price risks and forward contracts in the case of foreign exchange risks.

Trading in electricity exposes the Group to price and volumetric risks. In the last quarter of 2021, the price of electricity supplied in Hungary in 2022 increased by about 63 percent, and since the beginning of 2021 by more than 307 percent. The main reason for the high rise in prices is the high rise in natural gas prices and emission allowance prices, as well as the closure of nuclear power plants in Germany. Such a high increase in energy prices significantly increases the price risks managed by the Group through a set of limit systems defined according to the business partner, risk value and volumetric exposure, and through appropriate monitoring and control processes. In addition, the Group regularly monitors the adequacy of the limit systems used, which it renews and supplements if necessary.

In addition to the risks arising from changes in the EUR/USD exchange rate, the Petrol Group is exposed, to some degree, to the risk of changes in other currencies, which is linked to doing business in the region. The Group monitors open foreign exchange positions and decides how to manage them on a quarterly basis.

We pursue the strategic direction of ensuring stable business growth while accepting moderate risks.

Credit risks

Credit risk was assessed as the most important among financial risks in 2021, which is also due to the impact of the pandemic. The Petrol Group was exposed to it in connection with the sale of products and services to natural and legal persons and manages it with the measures outlined below.

The operating receivables management system provides us with efficient credit risk management. As part of the regular receivables management processes, we constantly and **actively pursue the collection of receivables**, a process that was even more intense since the beginning of the COVID-19 pandemic due to the exceptional economic situation. We refine procedures for approving the amount of exposure (limits) to individual buyers and try to maintain the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, collaterals, corporate guarantees, securities, pledges). In the previous year, this was a significant challenge. At the beginning of 2020, the Petrol Group introduced a **new insurance scheme** for keeping track of the Group's needs in the field of credit risk insurance as market conditions evolve. A great deal of work is dedicated to the management of receivables from all customers in Slovenia, and significant attention is devoted to the collection of receivables in SE Europe markets, where the solvency and payment discipline of the business sector differs from that in Slovenia. Receivables are systematically monitored by portfolio, region and organisational unit, as well as by credit risk assessment, level of insurance and individual customer. In addition, we introduced **centralised control** over credit insurance instruments received and centralised the collection process.

Due to the COVID-19 pandemic and the resulting significant drop in economic activity, companies were faced with liquidity shocks leading to our customers having a higher credit risk. In 2021, the Petrol Group continued to closely monitor **indicators of increased risk** and had intensive communication with its customers. At the operational level, all companies in the Petrol Group still closely monitor the balance of receivables on a daily basis and actively cooperate with customers in recovery.

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 satisfactorily 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, a higher volume of secured receivables and a low level of overdue receivables. 68 percent of receivables from legal entities are secured, with credit insurance and offsetting against trade liabilities being the most widely used insurance instruments (together accounting for 90 percent).

Liquidity risks

The Petrol Group has been assigned a BBB– long-term **international credit rating**, an A-3 short-term credit rating and a stable credit rating outlook by Standard & Poor's Ratings Services, which reaffirmed the ratings on 9 April 2021. This investment-grade rating enables us to tap international financial markets more easily and at the same time represents an additional commitment towards successful operations and the deleveraging of the Petrol Group. We are following the relevant S&P methodology in the management of liquidity risks.

In 2021, the average petroleum product prices were higher year-on-year, meaning that slightly more working capital of the Petrol Group was needed. Despite the constant growth of energy prices, the liquidity position of the Petrol Group remained solid, both at the level of the Group and at the level of individual subsidiaries. With an appropriate structure and scope of long-term and short-term credit lines, we smoothly ensured the **liquidity adequacy** of the Petrol Group. Even in the event of a deterioration in the economic situation, the current volume of credit lines ensures uninterrupted operations and an adequate liquidity structure of the Petrol Group according to the criteria of the S&P credit rating agency.

Due to the continuation of the COVID-19 pandemic, we pay great attention and prudence to **cash flow management**, especially regarding the planning of cash inflows from layaway sales, this being the main source of credit risks and, consequently, liquidity risks. Upon the acquisition of Crodux Derivati Dva d.o.o., we paid additional attention to internal liquidity risk management and liquidity management within the companies in the Group.

Despite the decline in sales due to measures to contain the COVID-19 pandemic, the Petrol Group settles all its liabilities as they fall due. This is possible thanks to its relatively low debt levels and strong liquidity position.

Interest rate risks

The Petrol Group regularly monitors its exposure to the interest rate risk. 82 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average values of EURIBORs in 2021 were lower than the average values in 2020. EURIBOR remains historically low (negative).

To hedge against exposure to the interest rate risk, a large portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. In 2021, in connection with a new long-term loan with a variable interest rate, we took out new interest rate insurance in the total amount of EUR 200 million with the same maturities as a long-term loan. The Petrol Group thus has all long-term financial liabilities with a variable interest rate secured by IRS collateral.

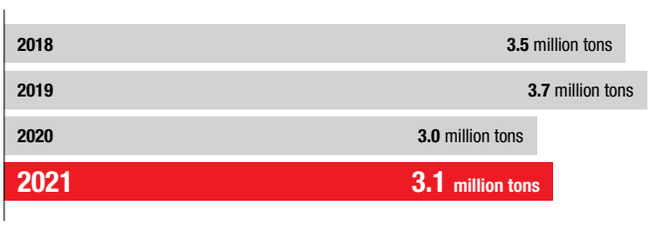
BUSINESS ACTIVITIES

Sales of petroleum products

In 2021 the COVID-19 pandemic was again the most significant factor affecting the Petrol Group's operations in the field of petroleum product sales. To contain the pandemic, countries took a number of measures to restrict movement, which was negatively reflected in the sales of petroleum products.

In 2021, we sold 3.1 million tons of petroleum products, which is 4 percent more than in 2020 and also 4 percent more than planned. 45 percent of our sales were generated in Slovenia, 34 percent in EU markets, and 21 percent in the EU markets. Furthermore, 44 percent of the sales were generated in retail and 56 percent in wholesale operations.

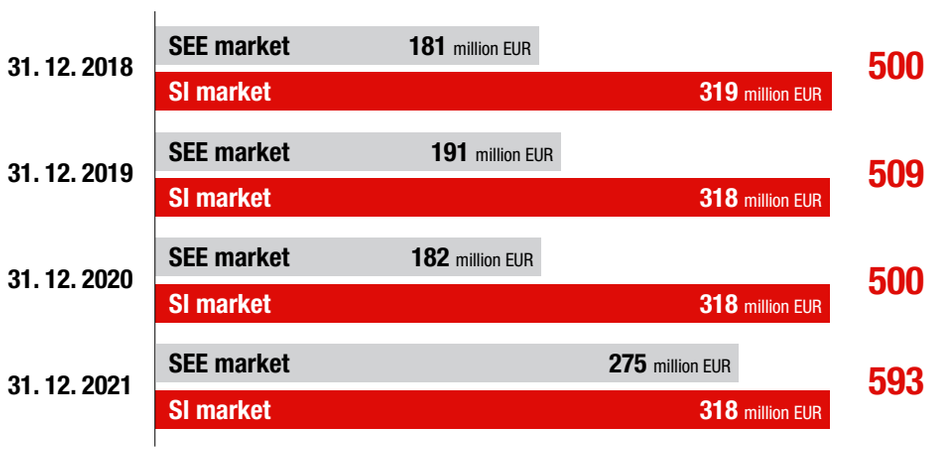
THE PETROL GROUP'S PETROLEUM PRODUCT SALES IN THE 2018–2021 PERIOD



Retail

At the end of 2021, the Petrol Group's retail network comprised 592 service stations. 317 in Slovenia, 202 in Croatia, 42 in Bosnia and Herzegovina, 16 in Serbia and 15 in Montenegro. Complementing the services provided at service stations are 156 car washes, over 200 bars and Fresh restaurants, charging points for electric vehicles and TIP STOP quick-service facilities.

EXPANSION OF PETROL'S SERVICE STATION NETWORK IN THE 2018–2021 PERIOD



With its 318 service stations, the Petrol Group has a 56 percent share of the **Slovenian market** in terms of the number of service stations. Its competitive advantage consists of having a leading position in terms of transit routes, with particular emphasis on motorway locations and key urban and border locations. Petrol's main competitor is the company OMV, which has a 20 percent market share in terms of the number of service stations. MOL has a 10 percent market share in Slovenia. In 2021, the acquisition of OMV points of sale by MOL took place, which means that it will become our second-largest competitor with a 29 percent share.

The competitive advantage of our retail network is its leading position on transit routes, with an emphasis on motorways, key urban and border locations.

The COVID-19 pandemic also had a significant impact on the financial year. Various measures have led to the closure, partial closure or restriction of the provision of certain services. This was partly reflected in the operation of car washes and bars, as well as the supply of freshly prepared food. The effects of the pandemic varied according to the market. From the second half of September, visits to points of sale and sales on the Slovenian market were also influenced by the fulfilment of the RVT condition.

In accordance with the changed situation, various measures were taken to ensure user-friendly access to the offer of goods and services. The use of mobile shopping solutions has also increased, i.e. the "Na poti" mobile app. In order to adapt to the situation, control costs, access to the supply of goods and services, the opening hours have also been adjusted, and some methods of providing services have also changed.

With the merger of Crodux Derivati Dva d.o.o. we increased our market share in the **Croatian market** from 13 percent to 23 percent, thus consolidating the brand's presence and position in this market. INA remains our biggest competitor, followed by other companies such as Lukoil, Tifon and some smaller ones. We have started the implementation of the integration process, within which all the necessary procedures for the merger and unification of business processes will be carried out. In **Bosnia and Herzegovina**, Petrol has almost a 4 percent market share in terms of the number of service stations. Its major retail competitors include Nestro Petrol, Energopetrol and the Nešković Group. In **Montenegro**, Petrol has nearly 13 percent of the market in terms of the number of service stations, its major competitors being Eko and Lukoil. In **Serbia**, the companies NIS, Lukoil, Knez Petrol and Mol have the largest retail networks; Petrol's market share in terms of service station is one percent.

The reorganisation of the Petrol Group also had a more visible effect on the strengthening of retail operations, which is reflected in even stronger market integration, a regional approach and the standardisation of business processes.

"NA POTI" mobile application

Similar to 2020, 2021 was marked by the COVID-19 pandemic and measures to prevent the spread of the virus. In 2021, the "Na poti" application recorded the highest growth in monthly active users to date as they recognised the convenience and usefulness of the application in a period when reducing contacts was very important. In particular, the application proved to be an excellent alternative method of payment with the introduction of the RTV condition in September, which dictated special requirements for visiting retail space.

In January 2021, the application was upgraded with the 3D secure 2.0 protocol for additional payment authentication in accordance with the new EU directive. The development of the application in 2021 focused mainly on the Croatian market, where from June 2021 onwards, the application can be used to pay for Coffee-to-go. This was followed by the collection of Gold Nuggets and rewards in the form of free coffee in Croatia and Slovenia. The number of pick-up points in Slovenia where users can collect orders for Hip purchases has also increased, from 36 to 69.

In 2021, a total of 569,325 transactions were performed via the "Na poti" application in Slovenia and Croatia. Compared to 2020, the total number of transactions increased by more than 70 percent. Most transactions were made to pay for Coffee-to-go followed by payments for fuel, car wash and food payments for Fresh and HipShop products. In 2021, the application recorded over 65,000 monthly active users and more than 12,800 paying users per month, which together generated 119 percent more margin than the year before.

The "Na poti" app has proven to be a great alternative payment method when introducing the RVT condition.

Sales to business customers and the public sector
We also put the needs and wishes of our customers first when it comes to our business customers and the public sector, which is ultimately reflected in the operation of the entire organisation and the Company's operations. Concern for establishing and nurturing customer relationships is reflected in our day-to-day operations.

We consider cooperation based on understanding, flexibility and helpfulness as a fundamental principle. We are becoming a connecting link in the wider ecosystem of sales segments and industry. With a comprehensive offer of energy sources and solutions, we offer existing and new customers support in the transition from traditional energy sources (fossil fuels) to cleaner, environmentally and healthier, renewable energy sources. We design a personalised offer for existing and new customers according to their needs.

The high level of quality of the products, which is made possible by the broad network of sales representatives, appropriate technical and advisory support, and efficient logistics, is an important competitive advantage. Our organisation allows us to be fast, efficient and, above all, flexible in our operations, which is especially evident during the pandemic, which has greatly changed the shopping habits of our business customers.

We accept the results of measuring the satisfaction of our customers as an opportunity for improvement in the direction of providing an excellent user experience.

Sales of merchandise and services

Sales of merchandise include sales of automotive materials, foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards, coffee on the go and other merchandise. In 2021, the Petrol Group generated EUR 487.2 million in revenues from the sale of merchandise, which is 9 percent more than in 2020, and 9 percent more than planned.

In the **Slovenian market** in 2021, we generated EUR 394.3 million in revenues from the sale of merchandise, which is 6 percent more than in 2020. We achieved the best results in the sale of tobacco products, lotteries, coupons and cards, groceries and hot beverages (Coffee-to-go). The offer at Petrol's points of sale is constantly changing and being supplemented, as we want to follow the needs of visitors by quickly adjusting our sales range.

In the **markets of SE Europe**, we generated EUR 92.7 million in revenues from the sale of merchandise in 2021, which is 21 percent more than in 2020 and 24 percent more than planned. Revenues are 14 percentage points higher due to the acquisition of Crodux Derivati Dva d.o.o. We achieved the best results in the sale of tobacco products, food products and products from the Fresh offer.

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

Following the publication of the revamped websites petrol.si and Moj Petrol, which we have been upgrading since 2019, we focused mainly on the development of the eShop online store in 2021. It will join Petrol's digital ecosystem in 2022. The development took place entirely with internal resources, which enabled the development to be completely tailored to the needs of the Company. The revamped store will offer a modern user experience of online shopping and round off Petrol's websites.

As part of the Tokyo 2020 Summer Olympics, which took place in the summer of 2021 due to the pandemic, a campaign was held to collect Gold Points, which were converted into funds for young promising athletes. The collection of Gold Points took place at physical points of sale and through digital channels - the petrol.si website and the "Na poti" application. For this purpose, an adder of collected points and a form for submitting Gold Points were developed.

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

The offer at Petrol's points of sale is regularly changed and supplemented, as we want to follow the needs of visitors by quickly adjusting our sales range.

Services include revenues from the storage and transhipment of petroleum products, rents for business premises and catering facilities, transportation, car wash services, revenues from Petrol Club cards and other services. In 2021 the Petrol Group generated EUR 44.8 million in revenue from the services related to oil and merchandise sales, which is 8 percent more than in 2020.

Petrol SKI – Skiing with Petrol

In the 2020/2021 season, we upgraded the system and added Axess cards, thus enabling cooperation with all major ski centres in Slovenia and abroad. Last season was again partly marked by the lockdown of the state and closure of borders; thus, skiing was only allowed within the countries and only partly in December, February and part of March. Nevertheless, including December, we recorded record sales results, namely:

- **in 2021, more than 50,000 ski passes were sold at the points of sale of Petrol d.d. Ljubljana;**
- **in Bosnia and Herzegovina, we started selling at the Bjelašnica Ski Centre;**
- **in December 2021 we started cooperating with the Platak Ski Centre (Rijeka);**
- **in 2022 we plan to start sales at Crodux Derivati Dva d.o.o. and at the points of sale of Petrol d.o.o Beograd and Petrol Crna gora MNE d.o.o.**

Sales of other energy sources

Sales of liquefied petroleum gas

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

The Petrol Group is engaged both in the **LPG supply** and in the **construction and management of LPG distribution networks**. LPG operations include: gas sales through networks and gas storage tanks, autogas sales and bottled gas sales. In 2021, autogas was sold at 231 service stations and also wholesale.

The **selling prices of liquefied petroleum gas** are set freely in Slovenia. The same is true for Croatia, where they follow a formula that is based on Platts Mediterranean LPG prices. In Serbia, too, LPG prices are set freely. The predominant basis is the Argus daf Brest prices, with other price sources also currently being considered in the pricing.

LPG sales are becoming increasingly important for the Petrol Group, seeing that infrastructure is being built in the wider region of SE Europe.

LPG sales are becoming increasingly important for the Petrol Group, seeing that **regional infrastructure**, which is a basis for establishing presence in the wider SE Europe region, is now being built.

- In Slovenia, the Petrol Group operated five LPG supply concessions in 2021.
- In Croatia, Petrol d.o.o. Zagreb, concluded contracts for the supply of LPG in the cities of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks, at service stations (autogas) – either within or outside the Group's network – and in gas bottles that are sold via a broad distribution network. In 2021, we further expanded our business through our own retail network and through wholesale operations.
- In Serbia, Petrol LPG d.o.o. Beograd continued to expand in the region by exporting LPG to Macedonia, Montenegro, Bosnia and Herzegovina, Kosovo, Albania, Bulgaria and, indirectly, to Greece, which was also reflected in the growth of market shares in individual markets. We operate on the Serbian market with four barges and two tugs.

The **COVID-19 pandemic** also had a major impact on LPG sales in 2021. As a result of measures related to the containment of the virus, the demand for autogas has fallen sharply, while sales through gas storage facilities for heating and industrial consumption have not changed significantly due to the pandemic. The price of LPG rose sharply in the last part of 2021, more than the price of conventional fuels, but still significantly less than the price of natural gas and electricity. The acquisition of Crodux Derivati Dva d.o.o. in 2021 did not significantly affect LPG sales, as Petrol d.d. Ljubljana acquired Crodux Plin d.o.o. in 2019 and sold natural gas and cylinders for the needs of Crodux Derivati Dva d.o.o. through Petrol d.o.o. Zagreb.

In 2021, the Petrol Group sold 141.2 thousand tons of LPG, which is 5 percent less than in 2020 and 18 percent less than planned, mainly due to reduced sales of Petrol LPG d.o.o., where due to logistical problems we had to deliver goods by rail tanks and not through barges in the Smederevo terminal, which reduced our competitiveness in the market. Lower sales of LPG as a fuel are also affected by lower mobility (measures to contain the COVID-19 pandemic) in both Slovenia and Croatia.

Energy and environmental systems

2021 was a year of major substantive and organisational changes for Energy and Solutions and above all a confrontation with the exceptional rise in energy prices in the second half of the year.

At the beginning of the year, the Petrol Supervisory Board approved the new Petrol Group Strategy for the period 2020 – 2025, which outlined the path of the **energy transition** to a green future. A large part of this transition is assumed by Energy and Solutions with its products and team of experts. That is why the logical next step was related to the project of the new organisation of the Company, which will allow it to face the challenges of the energy transition and the market. One of the goals is the consolidation of this area, which opens up many opportunities for integration, synergies and the introduction of new, integrated solutions not only in the energy sector but also more broadly within Petrol.

The project of the **new organisation** started at the beginning of June 2021 and is based on the product as the holder of content work and EBITDA, and on the matrix system of cooperation and involvement of all support services. In this way, we want to ensure the highest level of professionalism, take advantage of the concentration of knowledge by individual services and increase business transparency.

An important substantive shift is also the **extension of product management** to the area of three strategic key Petrol markets: Slovenia, Croatia and Serbia. We are also continuing our activities in the management of small hydropower plants in BiH. More details are presented below in a comprehensive overview of all products, business indicators and business opportunities according to the potential of individual markets.

The second half of 2021 was marked by exceptional **growth in electricity and natural gas prices**, where some daily prices reached 6 to 8 times the previous long-term averages. As the operations are tied to stock exchange prices, and the models are mainly based on leases and different groups of customers, we recorded a strong impact on new contracts and the consequent public response. The changes also raised questions about the current way of working, risk-taking, leasing and various forms of partnerships. In particular, the rise in energy prices has sharply increased the demand in all customer segments (end-customers, business customers and the public sector) for renewable energy solutions (especially solar, surplus storage, potentially hydrogen).

In the last quarter of 2021, in addition to the challenges with energy prices, the DOM project should be highlighted, where together with our external consultants Horvath&Partnerji, we set a comprehensive strategy for the development of sales of energy solutions to end-customers.

Our ambitions are great, and so are our commitments.

Energy solutions

Systems for the energy and environmental management of buildings

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

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

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

In 2021, despite the aggravated market conditions, we successfully carried out two major projects:

- **the comprehensive energy renovation of public buildings at the location of the Technical School Centre Maribor (2 buildings with an area of 12.4 thousand m²),**
- **the comprehensive and partial energy renovation of buildings in the Municipality of Ljubljana (EOL-3) in the scope of 19 buildings and an area of 52.5 thousand m². By the end of the year, 5 facilities with an area of 8.5 thousand m² had been fully completed and management assumed, while the others, which were implemented in 2021, will be completed in 2022.**

In 2021 we carried out energy renovation and assumed the management of 7 buildings with a total area of 20.9 thousand m².

In 2021 we implemented energy performance contracting services at 348 buildings with a total area of 1 million m², which is equivalent to approximately 86 office buildings of Petrol at Dunajska 50 in Ljubljana.

In addition to the EOL-3 contract, further 14 buildings in Slovenia were prepared in 2021 for the performance of projects to be implemented in 2022. Projects that are going to be implemented on the Slovenian market in 2023 and 2024 are already in the pipeline.

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

Digital transformation has become a reality in our country and in the world. It changes the structure of national economies, affects macroeconomic categories and radically changes the conditions for the management and operation of companies. The key challenge for any decision-maker is to have all the information available at all times to make the right decision. The need for a new management information concept follows from this challenge, which enables a comprehensive overview of the operation of infrastructure (water supply) systems of the urban water cycle and rapid, proactive action.

Digitalised management of the water supply system, together with the establishment of performance indicators, helps to improve operational energy and environmental performance, the effectiveness of managing non-revenue water (NRW) and water losses. Improved efficiency of the water supply system ensures greater operational safety and reduces the risks of ensuring the conformity and wholesomeness of drinking water channelled from the water source to the customer's point of consumption. Improved processes of providing drinking water and their management contribute towards decreasing greenhouse gas emissions while also supporting adaptation to the effects of climate change (for example by reducing water losses, integrating low-energy solutions, water reuse).

The challenges faced by critical infrastructure - water supply system operators in the new situation indicate an increasing need for the digitalisation of the operation and management of water supply systems. The processes carried out by the DISNet-WS Group at our customers have proven to be an effective measure and are recognised by customers as a key part of their management process.

In 2021, we successfully completed the project of expanding the digitalisation of the telemetry of the water supply system managed by Komunala Novo mesto from the originally completed one in the area of central Dolenjska, also in the area of Suha krajina.

Petrol's new organisation will allow the Company to meet the challenges of the energy transition.

We also successfully continued working with all our **strategic partners**: JP VOKA SNAGA Ljubljana, KP Velenje, JP Mariborski vodovod and JP Komunala Kranj. Despite the restrictions on movement, in 2021 together with Petrol d.o.o. Croatia we successfully launched one of the largest digitalisation projects in the region, with a focus on reducing water losses, Vodovod Slavonski Brod, which is among the 10 largest in Croatia. At the end of the year, we were shortlisted for the cohesion project for the expansion of the B water supply system in Pomurje. In November 2021, together with our partner in Croatia, Međumurske vode Čakovec, we presented the successfully completed first project to establish a digital twin water supply system in Croatia at the international conference HGViK (Hrvatska grupacija vodovoda i kanalizacije).

We provide DISNet-WS services in **7 countries in the region** (Slovenia, Italy, Croatia, Bulgaria, Romania, Montenegro and Bosnia and Herzegovina). We cooperate with 15 major drinking water supply systems (Ljubljana, Maribor, Kranj, Velenje, Murska Sobota, Novo mesto, Ptuj, Čakovec, Slavonski Brod, Novara, Arad, Sofia, Podgorica…), as well as some smaller ones.

We support our partners by digitalising services in real time, improving the efficiency of operation and management on almost 12 thousand km of water supply network, with more than 1.32 million users and more than 340 thousand water metres, which together produce and distribute more than 130 million m^3 drinking water per year. In doing so, we maintain water losses at the achieved level, which we consider to be a great success. Based on our references, we joined the project at the end of 2021, with which we want to reduce water losses in one of the largest water supply systems in the region by approx. 1.7 million m^3.

Wastewater treatment

In modern times, a clean environment is becoming increasingly important, and wastewater, which can greatly pollute the environment when it is untreated, has a major impact. In the Petrol Group, we are aware of the significance of the technology used in wastewater treatment, which has to be environmentally friendly and cost-effective. We provide wastewater treatment services both for our own needs and for the market.

Yearly operational monitoring performed by authorised institutions indicates that all machinery in the Petrol Group has been operating in compliance with legislation and achieved cleaning efficiency.

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

In 2021 the Petrol Group operated **four concessions** for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE), in Sežana 6,000 PE, in Ig 5,000 PE and in Mežica 4,200 PE. Petrol also managed **industrial waste treatment plants** at Vevče Paper Mill and Paloma. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewater in the municipality of Maribor, the capacity of which is 190,000 PE.

In 2021, after obtaining an environmental permit, we started the activities of making the **Ihan Mud Dryer** operational again. The dryer has an annual drying capacity of 8,000 tons of wet sludge. With its relaunch, we will be less dependent on waste collectors and other factors on the waste market and increase sludge treatment in Slovenia, thus reducing exports.

In 2021, a total of 3.6 million m^3 of municipal wastewater was treated at four municipal wastewater treatment plants, and 1.6 million m^3 of industrial wastewater was treated at two industrial wastewater treatment plants. At Petrol's points of sale, we operated 52 small treatment plants and pumping stations.

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

Representing a large market growing at 4 percent a year, district heating plays a vital role in achieving the transition to a low-carbon company. Many governments have committed themselves to using more sustainable energy sources to combat climate change. Heat production is one of the major energy consumers; therefore, improving efficiency in this area is one of the key goals.

In order to achieve the new ambitious **EU energy and climate targets** for 2030 laid down in the EU Clean Energy Package (Winter Package), which is aligned with the Paris Agreement and the EU's long-term strategy of achieving carbon neutrality, the main pieces of the EU energy legislation had to be amended. With a 32 percent share of renewable energy and a 32.5 percent improvement in energy efficiency, EU aims to reduce greenhouse gas emissions by 43 percent. The European Green Deal of December 2019 and the EU Recovery Plan from the COVID-19 pandemic (priority green technology investments as part of the Economic Recovery Plan) classified district heating and cooling, and the development of energy production from renewable energy sources (RES) and RES-based heating/cooling among the most important areas.

Technology plays a crucial role in the management of district heating networks, in particular the Internet of Things (IoT), advanced analytical tools and machine learning models. Our services help

customers optimise investments in the development and refurbishment of district energy systems and reduce operating costs. The key "operations" in the management and control of the operation of district energy systems and water supply systems are the forecasting of quantities and the optimisation of production capacities.

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

In 2021, we completed the project of upgrading the thermo-hydraulic model for the analysis of the district heating system of the Serbian Kraljevo Heating Plant. The S&U project (maintenance and upgrade) for the Novi Sad Heating Plant has been completed. In the second quarter of 2021, we started the project of replacing the controller with our new TP04 controllers, improving ELTEC SCADA[2] with the new Muvicon Petrol SCADA and updating Termis on the DH system of the public utility company Belgrade Power Plant in all seven heating areas. We expect a decision on the selection of a contractor for the new project by the public utility company Belgrade Power Plant and the start of public procurement for the support and modernisation of Termis by the public utility company Novi Sad Heating Plant.

In Slovenia and Croatia, we focus on providing support to our users.

Efficient lighting systems

The entire region in which Petrol is present is becoming increasingly aware of the importance of energy efficiency and light pollution of public lighting systems. Slovenia is one of the countries that have begun solving this problem through state-level regulation. In 2007, the Government of the Republic of Slovenia adopted the Decree on Limit Values due to Light Pollution. Binding for lighting operators, the Decree prescribes the method of lighting and the maximum consumption of electricity for public lighting systems per resident.

Today we manage public lighting systems in fifteen Slovenian municipalities and cities, seven Croatian and six Serbian cities.

Similar guidelines are also followed by other countries in the region. In Croatia, the Act on the Protection From Light Pollution is in force, while Serbia has in place: the Energy Act, the Efficient Energy Consumption Act and Rules on Energy Performance Contracting laying down measures for improving energy efficiency in the public sector.

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

[2] SCADA (Supervisory Control And Data Acquisition)

In the past three years, we doubled the number of **public lighting systems with upgraded energy performance** through our own investments. Today we manage public lighting systems in fifteen Slovenian municipalities and cities, seven Croatian and six Serbian cities. We also provide energy-efficient lighting in public buildings, sports facilities and industry, where we have replaced over 250,000 energy-inefficient lamps.

In 2021, despite the COVID-19 epidemic, we managed to renovate public lighting systems with a total of over 16,000 lamps through successfully implemented projects of energy-efficient renovation of public lighting in Šentilj, Croatian towns Kraljevica, Sveti Ivan Zelina and Zabok and Serbian towns Šid and Zaječar and strengthen Petrol's position in the region of SE Europe.

In the region of SE Europe, the Petrol Group manages a total of 25 concessions or public lighting systems. Through the energy renovation of public lighting systems alone, we save over 23 thousand MWh of electricity per year and reduce CO_2 emissions by more than 15 thousand tons annually.

Within the product group of the energy and environmental management of buildings, we continued to replace inefficient lighting in public buildings and in dedicated sports facilities.

Tango

Tango is the Petrol Group's own IoT platform, which solves the challenges of modern business and enables digital and green transformation. It focuses on building smart and pragmatic work processes, making smart decisions and creating new added value.

Among others, Tango offers its users:

- data collection from different energy systems and platforms;
- calculating key performance indicators based on the data captured;
- data capture from e-invoices and energy accounting;
- display of data on control panels, in reports, on maps;
- management of key asset data;
- error notification and alerting;
- sharing content between different stakeholders;

Using Tango allows subscribers to:

- constantly monitor the operation of various systems in one place;
- respond quickly to changing system conditions;
- analyse the operation of devices and systems;
- improve operational efficiency while improving the quality of services;
- reduce energy consumption and costs;
- introduce the automation of process and device management based on advanced analytical models.

In 2021, we used Tango in many Petrol products and areas, with which we are present in the markets of Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro. In the energy sector, Tango is used in:

- district heating systems;
- water systems;
- efficient public lighting systems;
- energy management of facilities;
- natural gas distribution;
- closed economic area management;
- solar electricity generation systems;
- wind power generation systems;
- smart energy community management;
- energy storage management;
- LPG storage management.

In addition to the above, Tango is used in energy management and energy bookkeeping for real estate owned by Petrol and in the dynamic management of fuel prices.

Energy solutions for industry

In the area of industry, we have developed various business models that are fully tailored to the needs of customers and their technological processes. The most interesting projects in Slovenia's industry in 2021 were: the use of green energy products (with an emphasis on green electricity and biogas), e-mobility, efficient lighting, photovoltaics, waste heat, industrial treatment plants, circular economy, energy management, compressed air, heating and cooling, electricity and heat storage, virtual power plant, etc.

For all these projects, Petrol is a reliable and professional partner that helps the industry achieve the goals of the NEPN. For management purposes, an integrated management centre has been established in Ravne na Koroškem, where we ensure the reliable and efficient functioning of our customers' processes throughout the year.

In 2021, we implemented the following energy solutions in the industry:

- We distributed 166.3 million kWh of natural gas (the Ravne industrial zone).
- We pumped 777.4 thousand m^3 of drinking water for technological purposes and drinking and distributed 60.7 thousand m^3 of sanitary drinking water, 553.5 thousand m^3 of technological drinking water and 2.7 million m^3 of cooling water (the Ravne industrial zone).
- We sold 4.3 million m^3 of drinking water and distributed 18.14 thousand m^3 of drinking water and 15.8 m^3 of cold water in the Štore industrial zone.
- We distributed and sold 74.1 million m^3 of compressed air.
- We distributed 358 GWh of electricity, specifically 180 GWh in the Štore closed distribution system and 178 GWh in the Ravne closed distribution system.

In 2021, in the rounded economic area of Ravne, we installed small photovoltaic devices mFE Kisikarna (power 88.00 kWp) and MFE Energy building (power 174.80 kWp) on the roofs of our production facilities for the production of electricity using solar energy. The power plants will generate more than 6 million kilowatt-hours of electricity from renewable energy sources in twenty years. Petrol will use all of the generated energy for its own needs and reduce carbon dioxide emissions by 126 tons of CO_2 per year.

In 2021, we included a 6-megawatt electric boiler in the existing district heating system. The main purpose of the electric boiler is to provide services to the transmission system operator (ELES) in connection with frequency control (mFRR). This is the first project of its kind in Slovenia and is part of a broader European project called X-FLEX.

In 2021 we continued searching for potential locations at industrial facilities for electricity production from RES and the installation of solar power plants (both in our facilities and at our customers). The first energy audit projects have been implemented, enabling the identification of opportunities for improving energy efficiency, reducing the carbon footprint and cutting energy costs in the long run.

We use remote energy systems to help increase energy and environmental efficiency in nine countries in the region.

District heating

District heat supply consists of heating systems where heat is produced in one or more boiler rooms and distributed to end-customers via a hot-water network. Heat distribution systems are now considered to be one of the most reliable and, in terms of the environment and costs, acceptable systems for supplying heat to end-customers. Buildings supplied via a **district heating system** do not require their own heating source, with the system itself providing the following supply advantages: greater energy efficiency, better environmental protection, easy operation and maintenance, reliability, comfort and convenience, lower investment costs and lower operating costs and investment maintenance costs.

Heat distributors must ensure that at least 50 percent of heat is produced from renewable energy sources (biomass, geothermal energy, etc.) or that a minimum of 75 percent is produced from the high-efficiency cogeneration of heat and power, or 50 percent as a combination of heat from the previous two sources.

At the end of 2021, the Petrol Group operated **29 district heating systems**, of which 16 were organised as an optional public utility service (a concession) or concession agreements for their management were signed with municipalities. Ten district heating systems were organised as proprietary systems and three as market distribution systems.

In 2021 the Petrol Group sold 165.4 thousand MWh of heat, which was 21 percent more than in 2020 and 12 percent more than planned.

Petrol carries out energy performance contracting services for buildings in the narrow and wider public sector.

Distribution of natural gas

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

In **Slovenia**, Petrol d.d., Ljubljana either owned or managed 31 concessions in 2021 through which it operated more than 10,000 active connections and supplied over 17,000 end-users. In 2021, Petrol d.d., Ljubljana, continued to build the distribution network in Idrija, Črešnjevci, Škocjan and Šentjernej and built additional connections on other concessions.

In **Serbia**, Petrol distributes natural gas through Beogas d.o.o. in the Belgrade area in three municipalities (Čukarica, Palilula, Voždovac) and in the municipalities of Pečinci and Bačka Topola. In 2021, more than 19 km of network and more than 800 new connections were newly built.

In **Croatia**, the Petrol Group distributes natural gas through Zagorski metalac d.o.o. It distributes natural gas in the areas of Zagreb County and Krapina-Zagorje County. The company has a broad gas distribution network (of approximately 830 km), through which it supplies gas to almost 18 thousand end-customers. The company is among the top 10 distributors in Croatia.

The Petrol Group distributed 1.4 TWh of natural gas in 2021, an increase of 13 percent from 2020 and 15 percent more than planned.

Production of electricity

Renewable electricity production is undoubtedly one of the key areas for sustainable future development at the same time as the common societal goal of the transition to a low-carbon society. The global energy system is evolving rapidly, driven by both increased energy needs and environmental demands due to climate change. With this in mind, we are pursuing the production of electricity from renewable energy sources – wind, water, and solar. National and EU policies are encouraging the transition to decarbonised energy sources to achieve lower CO_2 emissions, while renewable energy sources are becoming an increasingly cost-effective and competitive energy source.

Renewable electricity production is an important pillar of the Petrol Group's development into a modern energy company. It helps us secure own long-term sources for the purpose of producing electricity, while keeping us prepared for new trends in the area of transport and industry. Petrol sees many opportunities 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. We produce hydroelectric power in Bosnia and Herzegovina and Serbia. In Bosnia and Herzegovina, we produce electricity in five **small hydropower plants**. In 2021, they produced a total of 29 GWh of electricity. In Serbia, in 2021, we completed the investment in a small 1 MW hydroelectric power plant Grajiči in cooperation with a business partner.

In Croatia, the Glunča **wind power plant** produced 46.5 GWh of electricity. Despite the pandemic, we successfully completed the investment in the construction of the Ljubač wind farm (30 MW). In addition, we are in the final phase of the development of three **solar power plant** projects with a total capacity of 20 MW on the Croatian market, the construction of which is planned for 2022 and the start of generation for the beginning of 2023.

The Petrol Group is accelerating the development and implementation of projects in the field of renewable energy sources, in which wind and solar power plants will play a very important role.

In 2021, we successfully completed an investment in the construction of the Ljubač (30 MW) wind power plant in Croatia, which produced 31.9 GWh of electricity in 2021, and an investment in the construction of the Grajiči small hydropower plant (1 MW) in the Republic of Serbia.

The Petrol Group generated 130.7 thousand MWh of electricity in 2021, up by 51 percent compared to 2020.

Mobility

Mobility is a right and freedom. Our mission is to identify opportunities for the green transition, listen to needs and work with individuals, businesses, agencies and governments to build partnerships to meet climate challenges, find solutions to overcome barriers and enable a mobility transformation system that is affordable for our customers, fair, environmentally friendly and profitable for investors.

The Petrol Group is developing new smart solutions that will be an important pillar of our sustainable and innovative operations in the markets of SE Europe in the long term. We focus on two key segments:

- We strive to expand the charging infrastructure for electric vehicles by constructing, managing and maintaining the charging infrastructure for electric vehicles and providing a charging service that will allow carefree travel for each individual.
- Together with our subsidiary Atet d.o.o. we want to provide organisations with a variety of mobility services, including operating leasing, fleet electrification, vehicle sharing and fleet management services in a sustainable way, which will reduce their operating costs, streamline vehicles and reduce their carbon footprint.

Charging infrastructure

The development of charging infrastructure is based on key partnerships with the largest energy companies, municipalities and transport companies in Central and South-Eastern Europe in the framework of three projects co-financed by the European Commission. In 2021, we continued to manage the Urban-E and Multi-E projects, and completed the implementation of the Next-E project. The common denominator of all three projects that combine and influence both segments of mobility is the implementation of global guidelines for the transition to alternative fuels, decarbonisation and transport innovation. To this end, we are setting up a charging infrastructure network for alternative energy sources, primarily for electric vehicles, and developing smart mobility services.

As part of the **Urban-E project**, in 2021 we further expanded the charging infrastructure with 16 new conventional and 1 fast-charging station in Ljubljana and 11 conventional and 1 fast-charging station in Zagreb. Through the **Multi-E project**, we will further expand our market presence with new types of charging points in Slovenia and Croatia and enter the market of northern Italy. In 2021, we launched 15 conventional charging stations as part of this project. As partners in the **Next-E project**, we boosted Petrol's market share in charging infrastructure on motorways along the TENT-T corridor with 6 new fast and 4 ultra-fast-charging stations in Slovenia and with 7 new fast and 2 ultra-fast-charging stations in Croatia. In addition, a pilot installation of an electricity storage tank was carried out in Slovenia in connection with 1 fast and 1 ultra-fast-charging station, as well as the connection of the storage tank in the tertiary reserve system.

The electricity storage tank at Petrol's Kozina point of sale has a capacity of 210 kWh and its power is 300 kW.

Photo source: Petrol archive

With the support of the mentioned projects, we also completed the **renovation of the back-end system for the management of electric chargers** and the OneCharge application, thus enabling a simpler and better user experience for our users.

The network of partners for **roaming on foreign charging infrastructure** has increased by 5 new partners, which will give our users access to a wider network of electric charging stations in Europe. Our users can use the **OneCharge mobile app** and the associated bank card for recharging at the charging points of partners with whom we have established cooperation. We also offer the users of our partners, i.e. other charging service providers, straightforward access to charging at the charging points we manage with the help of partners' mobile applications and identification cards. We are connected to 25 charging service providers through an international platform. This will enable us to grow in the field of e-mobility in the regions where the Petrol Group operates and allow us to expand to other new markets.

In December 2021, in partnership with Supernova Qlandia and as part of the NEXT-E project, we opened a state-of-the-art charging centre for electric vehicles with e-chargers capable of charging up to 350 kW/h. It is the first centre of multi-standard charging infrastructure for electric vehicles in the Dolenjska region at the location of the Supernova Qlandia shopping centre in Novo Mesto.

Photo source: Petrol archive

In addition to the charging infrastructure within EU projects in 2021, we additionally set up or assumed the management of 35 conventional charging stations and 3 fast-charging stations in Slovenia. In 2021, we also expanded the charging infrastructure to Serbia, where we set up the first fast-charging station. In addition to our own investments, we increased the charging infrastructure by selling charging stations to private and business users both in Slovenia and on the Croatian market.

At the end of 2021, Petrol operated 296 charging stations for electric vehicles. The number of charges using our charging infrastructure increased by more than 69 percent in 2021 compared to 2020, and the amount of transmitted electricity by more than 62 percent, which, despite the measures and the consequent reduction in transit traffic due to the pandemic, is proof that the development of e-mobility is in full swing and that even demanding unexpected challenges cannot stop growth.

Mobility services

Petrol has included in the strategy for the development of sustainable mobility the services provided by the subsidiary Atet d.o.o. In this way, the Company expanded its range of services on the Slovenian market and added fleet management and maintenance to long-term vehicle rental, offering short-term vehicle rental, which is closely related to fleet optimisation.

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

After a successful pilot project, Atet d.o.o. assumed the management of all vehicles in the Petrol fleet and thus established a single contact point to support users of company vehicles and began to ensure the uninterrupted mobility of employees. Pool vehicles have been optimised with a combination of permanent vehicles and short-term leases, so that permanent vehicles are fully utilised, while for additional needs for vehicles, Atet d.o.o. provides short-term leases. As a result, the number of vehicles has decreased, while employee mobility is constantly guaranteed.

In the light of the mobility trends, where, in addition to fleet electrification, various types of e-vehicle rental rather than purchase are involved, we continued to develop the service called **Vehicle as a Service**. It is an upgrade of a typical operating lease of electric vehicles for up to 5 years. At the end of 2021, we had 74 electric vehicles on long-term operating leases. This is just one of the products that complement our comprehensive mobility solutions. We also offer municipalities and companies the optimisation and management of their existing fleets.

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

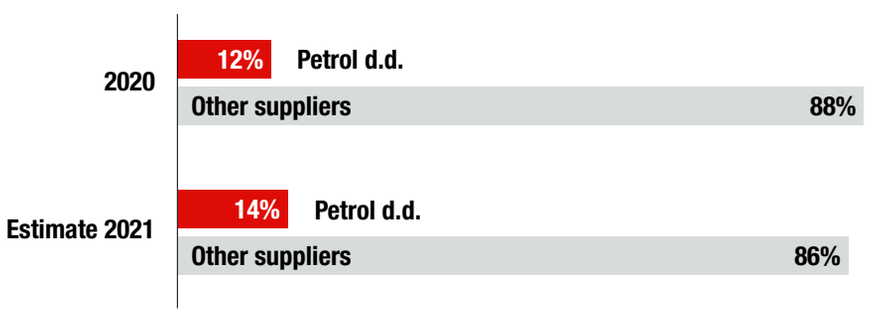
Supply of natural gas

2021 was extremely exciting in the natural gas market and one of the most unusual so far, as we witnessed a remarkable rise in the price of natural gas. Natural gas prices began to rise in early 2021, following the lowest levels in 2020.

Natural gas suppliers have started adjusting their natural gas price lists for household and small business customers. Petrol adjusted the price list as of 1 December 2021.

In 2021, the Petrol Group supplied 26.5 TWh of natural gas, which is 43 percent more than in 2020 and 40 percent more than planned.

THE SHARE OF PETROL D.D., LJUBLJANA, NATURAL GAS END USERS ON THE SLOVENIAN MARKET



Source: Energy Agency, Petrol

Electric power supply

Electricity has become almost an indispensable part of our everyday lives and the increasingly dominant energy source with which we power our world. Electrification is happening in many areas, such as heating, where heat pumps are becoming increasingly popular, transport, which is increasingly powered by electric cars, bicycles and scooters, and business, where digitalisation requires more electricity.

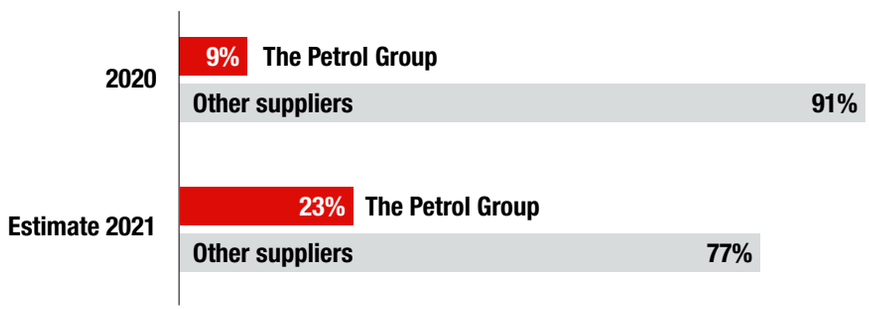
These trends coincide with the EU's commitment to transition to a carbon-free society, to reducing CO_2 emissions and to producing electricity from renewable energy sources. The EU aims to reduce greenhouse gas emissions by 55 percent by 2030 and aims to become carbon neutral by 2050. The Petrol Group also places great emphasis on the transition to a carbon-free society for a green and clean future.

An important role in the green transition will also be played by electricity consumers, who are becoming active customers with their own production of electricity, which they use for their home or business, and transmit surplus energy to the grid and are thus active users of the system. In 2021, Petrol purchased electricity from 228 small producers, which is 11 more than in 2020. In total, we put 126 GWh of energy from renewable sources into the network. Petrol is also expanding its activity of setting up solar power plants, as we are aware that this is a key step towards the decarbonisation of Slovenia and energy self-sufficiency.

In 2021, Petrol completed the acquisition of E 3, d.o.o., one of the largest electricity suppliers in Slovenia.

In 2021, the Petrol Group supplied 3.6 TWh of electricity, up by 110 percent year-on-year and 6 percent up compared to the plan.

THE SHARE OF PETROL GROUP'S ELECTRICITY END USERS ON THE SLOVENIAN MARKET



Source: Energy Agency, Petrol

Petrol is aware of the challenges and opportunities that the transition to a carbon-free society brings, so it is rapidly investing in solutions that will help make the transition faster and more efficient:

- In 2021, we launched the Ljubač wind power plant, which supplies electricity to around 30,000 household customers. Other similar projects are underway; some will be completed as early as 2022. In addition to our own production, we also purchase green energy from small producers, thus ensuring that our portfolio has an increasing share of energy from renewable energy sources.
- We are developing a Virtual Power Plant, where we manage and connect production resources and active market customers.
- We cooperate with our own and contractual resources in tertiary frequency regulation or in the manual frequency recovery process. We also plan to upgrade the aggregator platform and participate in the secondary power reserve.
- We are developing PPA (Power Purchase Agreement) products, through which we will purchase electricity from renewable energy sources or sell production from our own sources. Structured products such as PPAs are becoming increasingly interesting and sought after, especially in times of volatile energy markets.

The rise in energy product prices has dramatically increased the demand of all customer segments for renewable energy solutions.

New business models

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

X-Flex – An international project co-funded by the EU through the Horizon 2020 programme. Its goals include the development of tools that will enable and facilitate the use of flexibility in the electricity system with the aim of increasing the stability and security of supply in normal working conditions, as well as during extreme weather conditions. For this purpose, we invested in a 6 MW HV-electrode boiler in the Ravne integrated economic zone in 2020. The boiler will help us develop and test a model for generating heat from renewable energy sources (RES Power-2Heat), which will improve the reliability and efficiency of district heating by optimising the use of CHP units and of the HV[3]-electrode boiler. At the same time, we will provide system services through the flexibility offered by the entire system and support Slovenia's electricity grid.

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

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

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

DOM24h – Smart home of the future for a comfortable and healthy living and working environment. The primary goals of the project are to present the development and demonstration of a new concept of living in a home and to demonstrate products for the smart buildings of the future. The project combines individual newly developed and technologically advanced, but complementary solutions of renowned Slovenian companies into a new conceptually comprehensive solution for building and living in a sustainable, smart and connectable, user-friendly, advanced and healthy living environment. It is an integrative project of solutions for all four focus areas of SRIP Smart Buildings and Home with a Wood Chain (wood and wood chain, advanced non-biogenic construction products, smart devices and systems and active building management).

[3] Co-generation of heat and power

CyberSEAS - As part of the CyberSEAS (Cyber Securing Energy dAta Services) project, Petrol is working with 25 partners from 10 countries to increase the resilience of energy supply chains and their protection against disruption. The key objectives of the project for Petrol are: to prevent cyber risks associated with attacks affecting electricity supply systems and to increase the security of the common energy data space. To achieve its goals, CyberSEAS offers an open and scalable ecosystem with 30 flexible security solutions. They provide effective support for key activities such as risk assessment, interaction with terminal equipment, safe development and deployment of new systems, ongoing security monitoring, certification, etc. The solutions are validated by experimental campaigns consisting of more than 100 attack scenarios tested in three laboratories. Petrol is a member of the Slovenian pilot project, which consists of partners, namely ELES, SI-CERT, ICS and INFORMATIKA.

InfraStress - The project aims to ensure the security of sensitive industrial plants and areas in Europe by improving their resilience (so that they can effectively defend against threats, physical and cyber threats) and to ensure the optimisation of investments to improve resilience and protection. The project has been approved under the Horizon 2020 European Research and Innovation Programme. We started the project in June 2019 and successfully completed it in September 2021. The consortium included 27 project partners from 11 countries (Italy, Greece, Portugal, Slovenia, Ireland, Israel, Germany, Poland, the Netherlands, Cyprus and France). Petrol participated in the preparation of user requirements and risk scenarios, in the analysis of cyber and physical risks and vulnerabilities, and in the testing and validation of the results of pilot activities of participating partners. It has also contributed to tasks related to the dissemination of project results. Besides Petrol, the Port of Koper, the Institute for Corporate Security Studies (ICS) and the Jožef Stefan Institute (JSI) also participated in the project. The benefits of the project for Petrol are primarily in improving the identification, anticipation and assessment of risks such as deliberate attacks, human threats and natural disasters. Petrol identified vulnerabilities in critical infrastructure (SEVESO plants) and used the acquired knowledge in procedures and systems to ensure corporate security and safety. We will use innovative solutions to increase infrastructure security, exchange knowledge between project partners, and at the same time increase security awareness and improve risk assessment tools.

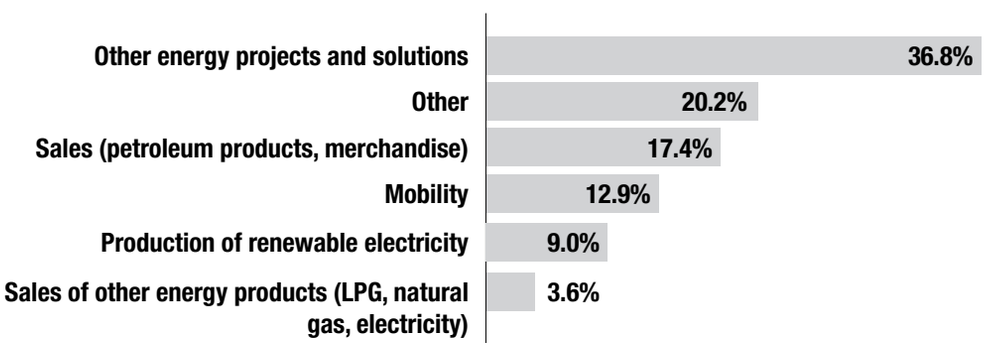
INVESTMENTS

In 2021, most of the investment funds were earmarked for **long-term investments** such as the acquisition of the Croatian company Crodux Derivati Dva d.o.o. and Slovenian company E 3, d.o.o. In accordance with the adopted strategy of the Petrol Group until 2025, the bulk of the investment budget was allocated to the **energy transformation**, specifically to expanding operations in energy and environmental solutions in Slovenia and the markets of SE Europe and in expanding sales and upgrading and maintaining logistics capacities in Slovenia.

Due to the pandemic, in 2021, we again started only with the most urgent investments needed to ensure smooth and safe operations, but after the end of the first quarter, we restarted the investment cycle and confirmed some additional investments due to more favourable business conditions. The total realisation of the net investments in 2021 is lower than the set goals due to the epidemic, shortened supply chains and difficult business processes. However, the energy crisis at the end of the year did not affect the realisation of investments.

In 2021, net investments in property, plant and equipment, intangible assets and long-term investments stood at net EUR 233.2 million, of which EUR 192.2 million for the acquisitions of companies Crodux Derivati Dva d.o.o. and E 3, d.o.o. In 2020, we allocated EUR 85.4 million for investments.

STRUCTURE OF INVESTED ASSETS EXCLUDING ACQUISITIONS OF COMPANIES



Sales of petroleum products and merchandise

The main share of investments in energy sales is the acquisition of Crodux Derivati Dva d.o.o. in Croatia, with which we acquired 93 new points of sale. In Slovenia, a larger share of realised investments was allocated to investments in investment maintenance and obtaining documentation for the implementation of investments in the coming years. In Serbia, we completed the new construction of the Čačak point of sale and completed the McDonald's restaurant at the Ada Belgrade point of sale. Throughout the year, we carried out investment maintenance at points of sale in all markets.

By 2025, a large share of investment funds was earmarked for energy transformation.

Sales of other energy products (LPG, natural gas and electricity)

At the beginning of the year, we completed the acquisition of a 100 percent interest in the company E 3, d.o.o., and made investments in the installation of smaller gas depots with customers and the installation of LPG gas stations for companies throughout the year.

Energy and Solutions

In 2021, we implemented two major projects, namely the EUO Technical School Centre Maribor and the Energy Renovation Ljubljana 3 - EOL 3. On the project of TSC Maribor, two buildings were rehabilitated: the student dormitory and the main building. On the EOL 3 project, we implemented projects at eleven facilities. Of these, six facilities were rehabilitated completely and five technologically.

The renovation of public lighting in Šentilj, the renovation of the boiler room of the Brežice Health Centre, the construction of the heating source of the intergenerational home Bled (MGC) and PL Radlje ob Dravi, which is in the final phase, were carried out. We also started preparing a project for solar power plants in Croatia. The implementation of sales projects for the market took place, such as the sale and implementation of heating stations, CNS[4], various project extensions.

In the markets of SE Europe, we carried out the energy renovation of public lighting systems: PL Zaječar and PL Šid in Serbia, PL Zabok, PL Sveti Ivan Zelina and PL Kraljevica 2 in Croatia.

In 2021, despite the pandemic, we successfully completed the construction of the Ljubač (30 MW) wind power plant in Croatia, which produced 31.9 GWh of electricity in 2021.

Production of renewable electricity

Renewable electricity production is undoubtedly one of the key areas for sustainable future development at the same time as the common societal goal of the transition to a low-carbon society. With this in mind, we are pursuing the production of electricity from renewable energy sources – wind, water, and solar. In 2021, despite the COVID-19 pandemic, we successfully completed the construction of the Ljubač (30 MW) wind power plant in Croatia, which produced 30.5 GWh of electricity in 2021. In addition, we are in the final phase of the development of three solar power plant projects with a total capacity of 20 MW on the Croatian market, the construction of which is expected in 2022. In Serbia, we completed the investment in the construction of a small hydroelectric power plant Grajiči (1 MW). The Petrol Group is accelerating the development and implementation of projects in the field of renewable energy sources, in which wind and solar power plants will play a very important role.

Mobility

In mobility, investments in the expansion of charging infrastructure and investments in motor vehicles for the provision of mobility services took place in all markets.

Other

Throughout 2021, we invested in the modernisation of information and other infrastructure and in ensuring security.

[4] Central control system.

SHARE AND OWNERSHIP STRUCTURE

2021 was a successful year for investors on the Ljubljana Stock Exchange[5]. After 2020, when the COVID-19 pandemic affected the developments on the Ljubljana Stock Exchange, share prices at the end of 2021 were on average higher than at the end of 2020. This was also reflected in the SBI TOP index, which gained 39.8 percent relative to the end of 2020, reaching 1,258.8 points at the end of 2021.

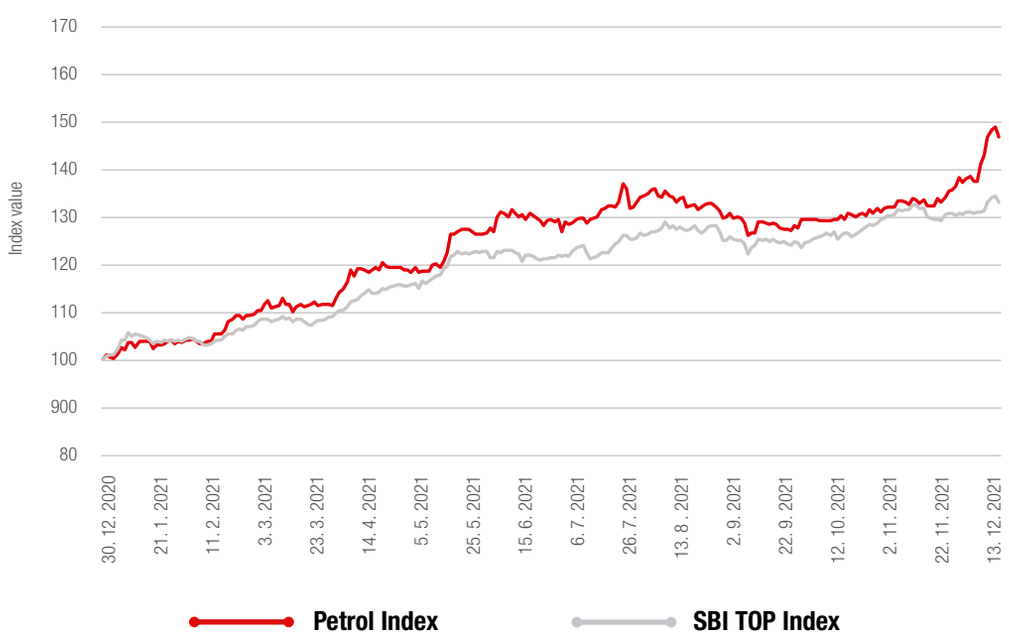
Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE) and have been listed there since 5 May 1997. Last year, Petrol's share was also one of the most traded shares on the Ljubljana Stock Exchange, and at the end of 2021, its price was 56.3 percent higher than at the end of 2020. The shares of Petrol d.d., Ljubljana, accounted for 20.92 percent of the index as of 20 December 2021. Despite the epidemic, Petrol d.d., Ljubljana, paid a dividend in the amount of EUR 22.0 gross per share for 2020.

Petrol share price

After 2020, when the COVID-19 pandemic affected the developments on the Ljubljana Stock Exchange, share prices at the end of 2021 were on average higher than at the end of 2020. This was also reflected in the SBI TOP index, which gained 39.8 percent relative to the end of 2020, reaching 1,258.8 points at the end of 2021.

In 2021, the movement of the Petrol share price was positive, as the share price reached EUR 508.0 at the end of 2021 and was 56.3 percent higher than at the end of 2020. The shares of Petrol d.d., Ljubljana, accounted for 22.92 percent of the index as of 21 December 2020.

BASE INDEX CHANGES FOR PETROL'S CLOSING SHARE PRICE AGAINST THE SBI TOP INDEX IN 2021 COMPARED TO THE END OF 2020



[5] Sources of data in chapter "Share and ownership structure": Ljubljanska borza d.d., website, share register of Petrol d.d. Ljubljana, statements of the Petrol Group for 2021

The average price of Petrol's shares, which stood at EUR 416.68 in 2021, was up 27.6 percent year-on-year. The closing share price ranged between EUR 325.00 and EUR 516.00 in 2021.

PETROL'S SHARE PRICES IN 2021 AND 2020 IN EUR

	2021	2020
Total shares outstanding	2,086,301	2,086,301
Highest closing price for the year	516.00	394.00
Lowest closing price for the year	325.00	266.00
Average closing price for the year	416.68	326.66
Closing price as at last trading day of the year	508.00	325.00
Closing price increase/decrease (closing price as at last trading day of the year/closing price as at last trading day of the previous year)	56.31%	–13.33%

CLOSING PRICE AND THE VOLUME OF TRADING IN PETROL'S SHARES IN 2021

Trading volume and market capitalisation

The volume of trading in Petrol's shares on the Ljubljana Stock Exchange amounted to EUR 56.3 million in 2021, including batch trading (EUR 29.6 million), and was up 9.4 percent from 2020 due to higher share prices, while in 2021 a smaller volume of Petrol shares (147,478 shares) was traded compared to 2020 (156,608 shares).

The trading in Petrol's shares accounted for 14.8 percent of the Ljubljana Stock Exchange total trading volume, which stood at EUR 380.0 million, and also 14.8 percent of the stock market's share trading volume.

The shares of Petrol d.d., Ljubljana were ranked third on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 4.7 million.

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2021 totalled EUR 1,059.8 million, which accounted for 11.1 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana was ranked third in terms of market capitalisation as at the last trading day of 2021.

Key financial indicators for Petrol's shares

The Petrol Group's earnings per share (EPS) for the year stood at EUR 60.6 and its cash earnings per share (CEPS) at EUR 99.0. The return per share calculated by comparing the closing share price as at the end of 2021 and the closing share price as at the end of 2020 was positive and stood at 56.3 percent. Combined with the dividend yield of 6.8 percent, the total return per share stood at 63.1 percent in 2021.

The ratio between the shares' market price and book value as at the end of 2021 – the latter amounting to EUR 435.6 in the case of the Petrol Group – was 1.17 (P/BV), which was higher than at the end of 2020. The ratio between the shares' market price as at the end of 2021 and the Petrol Group's earnings per share stood at 8.39 (P/E).

Share capital structure

The structure of Petrol d.d., Ljubljana, share capital did not change significantly in 2021 compared to the end of the previous year. The largest single shareholder is Clearstream Banking SA – client account with 287,012 shares. It is followed by the Slovenian Sovereign Holding with 264,516 shares, the Republic of Slovenia with 225,699 shares and Kapitalska družba d.d. with 172,639 shares. Other large single shareholders include OTP banka d.d. – client account, Vizija Holding d.o.o., Vizija holding ena d.o.o., Perspektiva FT d.o.o., Citibank N.A. – client account, UniCredit Bank Hungary ZRT. – client account and NKBM d.d.

OWNERSHIP STRUCTURE OF PETROL D.D., LJUBLJANA, AT THE END OF 2021 AND AT THE END OF 2020

	31 December 2021		31 December 2020	
Petrol d.d., Ljubljana	**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	182,543	8.7	183,181	8.8
Republic of Slovenia	225,699	10.8	225,699	10.8
Other institutional investors - domestic	218,818	10.5	227,660	10.9
Banks - domestic	28,415	1.4	27,920	1.3
Insurers - domestic	25,479	1.2	25,779	1.2
Foreign legal entities (banks and other inst. inv.)	568,942	27.3	565,270	27.1
Private individuals (domestic and foreign)	459,646	22.0	459,584	22.0
Own shares	30,723	1.5	30,723	1.5
Others	81,520	3.8	75,969	3.7
Total	**2,086,301**	**100.0**	**2,086,301**	**100.0**

At the end of 2021, 572,314 shares or 27.4 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2020, the number of foreign shareholders increased by 0.2 percentage points, while the total number of shareholders decreased from 22,220 as at the end of 2020 to 21,730.

In 2021, Petrol's shares were again one of the most traded among those listed on the Ljubljana Stock Exchange.

SHARES OWNED BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD AS AT 31 DECEMBER 2021

	Name and Surname	Position	Shares owned	Equity share
Supervisory Board			**88**	**0.0042%**
	Internal members		**88**	**0.0042%**
1.	Marko Šavli	Member of the Supervisory Board	88	0.0042%
2.	Alen Mihelčič	Member of the Supervisory Board	0	0.0000%
3.	Robert Ravnikar	Member of the Supervisory Board	0	0.0000%
	External members		**0**	**0.0000%**
1.	Janez Žlak	President of the Supervisory Board	0	0.0000%
2.	Borut Vrviščar	Deputy President of the Supervisory Board	0	0.0000%
3.	Aleksander Zupančič	Member of the Supervisory Board	0	0.0000%
4.	Alenka Urnaut Ropoša	Member of the Supervisory Board	0	0.0000%
5.	Mladen Kaliterna	Member of the Supervisory Board	0	0.0000%
6.	Mário Selecký	Member of the Supervisory Board	0	0.0000%
Management Board			**4**	**0.0002%**
1.	Nada Drobne Popović	President of the Management Board	4	0.0000%
2.	Matija Bitenc	Member of the Management Board	0	0.0000%
3.	Jože Bajuk	Member of the Management Board	0	0.0000%
4.	Jože Smolič	Member of the Management Board	0	0.0000%
5.	Zoran Gračner	Member of the Management Board and Worker Director	0	0.0000%

Other explanations by Petrol d.d., Ljubljana

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

Contingent increase in share capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2021 regarding the contingent increase in share capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2021. As at the last day of 2021, the number of own shares stood at 30,723, representing 1.5 percent of the share capital. This includes 24,703 own shares that were acquired by Petrol d.d., Ljubljana in the period from 1997 to 1999. Their total cost equalled EUR 2.6 million as at 31 December 2021 and was EUR 9.9 million lower than their market value on that date. The remaining 6,020 shares are the shares that are considered as own shares that 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.

A dividend policy maximising long-term returns

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

In accordance with a resolution of the 33rd General Meeting of 22 April 2021, Petrol paid out in 2021 a gross dividend for 2020 of EUR 22.00 per share.

OVERVIEW OF DIVIDEND PAYMENTS 2015–2020

Period	Gross dividend per share
2015	12.60 EUR
2016	14.00 EUR
2017	16.00 EUR
2018	18.00 EUR
2019	22.00 EUR
2020	22.00 EUR

Accumulated profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act, stood at EUR 61.85 million in 2021.

Regular participation in investors' conferences and access to information

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

The Company also regularly attends investors' conferences organised each year by stock exchanges, brokerage companies and banks. There were several individual meetings with investors and analysts in 2021. In March and August, we participated in the online conference of the Ljubljana Stock Exchange, and in May and December, at the "Slovenian and Croatian Investors' Day" conferences, organised by the Ljubljana Stock Exchange in cooperation with the Zagreb Stock Exchange. In December, we also participated in the Winter Wonderland EME web conference organised by WOOD & Co. from Prague.

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

Capital gains yield of the Petrol share together with dividend yield totalled 63.1 percent in 2021.

INTERNAL AUDIT

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

Internal Audit operates in accordance with the Internal Audit Charter and the **principles of independence, professional competence, objectivity and ethical principles** as fundamental principles of the auditing profession. Internal Audit's annual work programmes and annual reports are approved by the Company's Management Board, they are presented to the Audit Committee for information, and the Company's Supervisory Board approves the plans and reports. Internal Audit provides regular reports on its work to the Management Board and reports at least quarterly to the Supervisory Board's Audit Committee. In 2021 the Audit Committee received quarterly reports on all audits, significant findings and recommendations for improving the system of internal controls and risk management within the Petrol Group.

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

In 2021 Internal Audit continued to carry out certain procedures to improve the quality of work:

- due to changes in the Petrol Group's operations, organisation and environment it updated the set of departments/processes within the Petrol Group (the audit universe);
- based on the COSO methodology, it reassessed risks according to the processes and organisational units of the Petrol Group, taking into account the significance of the processes and the date of the previous internal audit;
- following a new risk assessment, Internal Audit's work programme for 2022 was approved in December 2021 by the Management Board and the Supervisory Board;
- it carried out procedures to measure the efficiency of internal audits.

The verification of the functioning of the **internal controls in the Petrol Group's retail network** was carried out by a dedicated team of qualified experts from the Corporate Security and Operations Control, which, in order to prevent and detect fraud, focus primarily on the monitoring of service station, logistics and storage facility operations from the perspective of goods and finance. In 2021, the internal audit performed 11 regular and extraordinary audit reviews of assurance (three reviews were in their final phase as at 31 December 2021). The objective of the internal audits was to verify the integrity of financial and business decision-making reporting, compliance with the law and internal regulations, the implementation of the Petrol Group's strategy and process effectiveness. In terms of their content, the audits were focused mainly on verifying the efficiency of processes that were either new or were not subjected to an audit during the past four years. For the processes that were audited, Internal Audit gave assurance that the audited units had in place a suitable internal control system that was operational on a regular basis. As there was still room for improvement, recommendations were provided, the implementation of which was checked on a regular basis. In 2021, in addition to the audits, Internal Audit regularly monitored the implementation of recommendations from previous and current years.

2021 was also marked by the COVID-19 epidemic and related measures to limit the consequences of the epidemic. As a result, the Internal Audit was faced with the limited availability of auditees and adjusted its activities accordingly. Due to measures taken to prevent COVID-19 infections, the activities of Internal Audit were adapted in accordance with the Company's guidelines in 2021 as well. This mainly involved working from home, introducing the electronic management of internal audit documents and having remote meetings with auditees.

INFORMATION TECHNOLOGY

Today, information and technology are key development and support functions in the Company. It is integrated into all parts of the business process and, as such, is a prerequisite for the successful operation of the organisation. The Petrol Group pays great attention to information technology. Digital transformation, continuous improvement, teamwork and collaboration with users are key to responding quickly and efficiently to everyday changes and challenges.

Below, main projects and activities in the field of information and technology in 2021 are presented.

Introduction of key information solutions

We continued with the planned IT transformation and in May successfully introduced **a new ERP** in three subsidiaries in Serbia. In summer, we continued intensively with the preparation of the expansion of the ERP system to other countries and in October successfully introduced it in two more countries (Bosnia and Herzegovina, Montenegro) and two subsidiaries. This completed the first phase of expanding the use of central ERP in the Petrol Group companies and unified application support.

In the second half of the year, we started preparing the project of **integrating the company E 3, d.o.o.** into Petrol's IT-support, which is expected to be realised in 2022. To support the purchasing process, a software solution was introduced – a special module with integration into the ERP-solution. We have also taken some important steps in using the CRM-platform in the direction of greater support for sales processes (B2C and B2B) and the greater digitalisation of processes. We have also successfully introduced support for the electronic certification and signing of documents. In support of energy trading, we introduced two companies (Geoplin d.o.o., E 3, d.o.o.) to the trading platform. In parallel with the above activities, we made some major functional upgrades in various areas of IT-support (e.g. support for intraday retail prices).

At the end of 2021, we completed the development of a **new online shop** (eShop B2C), developed on a modern technology platform, which brings many improvements to both business users in online store management processes and customers. The solution realises and upgrades the vision of Petrol's comprehensive digital ecosystem. It provides a unified user experience without switching between sites and provides the best combination of physical and online shopping. The solution came to life for internal users at the end of 2021, and at the beginning of 2022, we will enable its use to all customers.

At the end of 2021, we completed the development of a new online shop, developed on a modern technology platform, which brings a unified user experience.

In the autumn of 2021, we started the project of merging Crodux Derivati Dva d.o.o. to Petrol d.o.o, Zagreb. One of the important parts of the project and successful operation in the future is the **migration of the information system of Crodux Derivati Dva d.o.o.** into the Petrol information system. In 2021, we prepared a detailed analysis and plan for the execution of migration. We have also started upgrading Petrol's information system, which will provide quality support to the merged company's operations. The migration of 93 service stations of Crodux Derivati Dva d.o.o. into the Petrol information system will start in March 2022, and the migration of the company in its entirety is expected to be completed by the end of 2022.

Modernising, improving, optimising and digitalising

In 2021, we introduced a **new platform for the "codeless" automation of testing**, which will ensure the quality and correct operation of e-commerce, web, mobile and desktop applications and IoT solutions. No special programming knowledge will be required for users.

We expanded the use of the **Jira tool** and through this solution supported many additional processes, including the process of managing development needs.

We upgraded the retail solutions that support the operation of Petrol service stations in all markets by supporting the tax certification of invoices in Montenegro, and we also supported the possibility of paying with Routex cards in Croatia, Bosnia and Herzegovina and Montenegro. We developed a closely integrated solution for the sale of e-vignettes for Slovenian motorways. In December, we enabled the purchase of e-vignettes at all Petrol service stations in Slovenia and Croatia.

The dynamics of changes in fuel and goods prices in service stations dictate the need for the clear and digitalised communication of prices to customers. Therefore, in 2021, we have developed support for **integration with digital price lists** to communicate fuel prices to customers at points of sale. We also participated in the selection of a platform for the **digitalisation of the display of prices of goods in stores** (electronic price lists). The integration of the platform into Petrol's information system will be carried out in 2022.

In the field of **IoT platform development**, in 2021 we and our team actively participated in the processes of the management, control and maintenance of the existing platform and began to analyse the possibilities for its technological modernisation in the future. This will ensure internal and external users (customers) even more reliable and stable operation and the more friendly use of the platform, which is gaining an increasingly important role within Petrol's strategic business goals.

We provide capacities and the high availability of the **system and network infrastructure**, with which we effectively support business processes. We are increasing the use of cloud services, so we have increased the availability of Internet connections from one to two providers. We set up a uniform call centre for the whole group.

We have modernised and upgraded many existing and added a number of **new integrations**, thus improving the communication and speed of internal processes and processes with our partners.

The described activities were carried out in all the markets of the Petrol Group.

In 2021, we continued activities to strengthen resistance to cyber-attacks.

Concern for information security is a necessity, not a luxury

Universal digitalisation and global connectivity increase the risks of information security, thus ensuring adequate information security is becoming an increasing challenge. With its wide range of information services, the Petrol Group plays an important role in providing key services for the preservation of essential social and economic activities, including energy and transport.

Technological innovations such as artificial intelligence (AI), 5G, blockchain technology, smart cities and connected vehicles (IoT), and big data bring many benefits, as well as new threats to cyberspace. In 2021, we continued activities at the Petrol Group level to strengthen **resistance to cyber-attacks**, such as built-in security as a mandatory part of business processes, regularly raising the awareness of users through social engineering methods, mobile security management and security checks of exposed Petrol information system components. In ensuring an appropriate level of information security, we follow all regulatory requirements and good security practices (EU Cyber Security Strategy, PCI DSS, GDPR, zInfV), thus setting an example to other organisations in the region.

SUSTAINA
DEVELOP

**Nothing stopped us. We were reaching high.
We want to be the best at everything we do.
We achieved what we had set out to do.**


ABLE
PMENT

STRATEGIC ORIENTATIONS AND GOALS FOR THE SUSTAINABLE DEVELOPMENT OF THE PETROL GROUP

We have been wondering, measuring and promoting to what extent the Petrol Group is fit for a green future since 2012, when we issued our first independent Sustainability report, even when the legislation did not require us to do so and we visionarily set out on a demanding sustainable path. Today, we are pursuing the EU Green Deal and commitments to achieve climate neutrality by 2050. We are pursuing an interim goal for the EU to reduce emissions by at least 55 percent by 2030, the regulation on green investments and taxonomy and high national energy and climate targets.

With its strategy until 2025, the Petrol Group has committed itself to a decisive energy transition, with which it is co-creating a green future and making an important contribution to protecting the environment we live in. It will invest EUR 244 million in the energy transition by 2025, reduce its carbon footprint by 40 percent, and have 164 MW of installed capacity of renewable energy sources.

THE PETROL GROUP BUILDS ITS SUSTAINABILITY STRATEGY ON THREE PILLARS

1. **Low-carbon energy company**

2. **Partnership with employees and the social environment**

3. **Circular economy**

Low carbon energy company

Decarbonisation is carried out in four main areas:

- We produce electricity and heat from **renewable energy sources** such as wind, water, solar, biowaste and wood biomass.
- We ensure **energy efficiency** through a comprehensive range of energy and environmental solutions for cities, businesses and households. We achieve energy savings with a wide range of services, from the optimisation of heating, lighting and the energy renovation of buildings to the addition of fuels and the sale of energy-efficient household appliances and e-bikes.
- We are **greening the energy mix** by using alternatives to conventional petroleum energy sources, so we are actively looking for and introducing more environmentally friendly fuels for conventional motor drives. These include sustainable biofuels, natural gas and, in part, liquefied petroleum gas. Biofuels are the most widespread group of alternative fuels and are currently the key energy source with which we strive to achieve the prescribed share of RES in transport. We are also continuing to add **additives** to make conventional fuels more environmentally friendly. This is proven by Petrol's Q Max fuel family, especially Q Max iQ diesel fuel, which reduces GHG emissions by 26 percent compared to conventional diesel fuels.

- With **e-mobility** and the use of fuels that have lower emissions compared to petroleum fuels, we mainly reduce the greenhouse gas emissions that occur during the entire life cycle of the fuel per unit of energy. Such alternative fuels include liquefied petroleum gas and natural gas for vehicle propulsion.

A circular economy

Closed circular loops are an important approach to decarbonising the economy. Petrol is developing and managing **water and material cycle** management models. We successfully acquire and implement projects in the field of the digitalisation of water supply system management. We are digitalising real-time management for our customers, optimising the water supply network and thus reducing water losses.

Petrol manages four concessions for the **treatment of municipal wastewater**: in Murska Sobota, Mežica, Sežana and Ig. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewater in the Municipality of Maribor. We also manage and treat wastewater at three industrial plants. We recycle and reuse wastewater in our own automatic car washes.

As a retailer of consumer products, we are aware of the importance of the most **sustainable packaging** and the responsible handling of packaging as possible throughout its lifecycle. We removed excess packaging and optimised packaging from composite materials in the supply of fresh food at Fresh outlets.

Integrated **waste management** is one of the important areas of sustainable development of the Petrol Group, as it not only affects the protection of the environment but also the economics of operations. We place great emphasis on waste prevention and efficient separation of waste at the source. The range of our activities and points of sale affects the diversity of waste we handle. At all Petrol locations, waste is separated at source, and the biggest challenge is motorway rest areas, used as a stopping point for passengers in transit.

Partnership with employees and the social environment

People are at the very core of our operations, which is evident also during the COVID-19 epidemic. Health and safety at work come first, but we also offer customers custom, safe, quality and healthy services. We highlight the development of **state-of-the-art digital solutions**; the number of users of the “Na poti” mobile application, offering the possibility of contactless payment, is growing rapidly. In addition to paying for fuel and car washing without entering the sales area, we also added the purchase of a range of food products from the shelves of Petrol points of sale to the application. We also introduced the delivery of Fresh products, basic foodstuffs and other products to the home or workplace.

An important part of our digital story is **e-learning**. Due to the epidemic, the number of training hours decreased; however, the number of training participants has grown, as we replaced all-day live training courses with several different short training sessions in the form of e-courses followed by a final test. E-learning also positively affects the environment. We drove less due to remote learning and saved paper due to materials in electronic format.

Each point of sale received its own **tablet**, which allows entering into applications and archiving documentation, using all tools for remote work, participating in groups and facilitating communication. The introduction of the new solution at points of sale was completed in the last quarter of 2020 and the beginning of 2021.

As one of the largest companies in Slovenia, we understand our responsibility to society as a lasting commitment to work together with the environment in which we live and operate. Among the many important social responsibility projects, the humanitarian campaign **Donate energy for life** is worth mentioning.

We conducted an **electronic survey of all key stakeholder groups**. Results were presented in a so-called **materiality matrix** in the last Sustainability report. Compared to the materiality matrix two years ago, we note that topics of sustainable development, in particular the contribution to low-carbon mobility and a low-carbon society, have become even more important in the eyes of our key stakeholders. This gives the Petrol Group an additional incentive to actively pursue our sustainability goals, including in terms of decarbonisation. In the light of the epidemic, we also understand the greater emphasis of key stakeholders on digitalisation and smart concepts, as with them, the Petrol Group facilitates purchases and, at the same time, provides customers with a higher level of security in terms of health risks through digital solutions. Compared to the previous measurement, strategic stakeholders felt that maximising returns and value for owners was less important than some other priority objectives.

At Petrol, we look to the future with inspiration, ambition and determination. We see it green. This is our promise to the next generation, which puts sustainable development among the top priorities.

Strategic perspective and increasing objectives

There are many challenges ahead. The bar of goals at the level of the European Union, Slovenia and the economy is rising ambitiously. The new EU »Fit for 55« package includes a number of legislative proposals and policy initiatives that will have a direct impact on the Petrol Group's operations. It is a revision of the Renewable Energy Directive, the revision of the Energy Efficiency Directive, the revision of the Alternative Fuels Infrastructure Directive, the amendment of the Regulation on CO_2 emission standards for cars and combined vehicles, the revision of the Energy Taxation Directive, and the establishment of a separate emissions trading scheme for road transport and buildings.

The new rules of the game put sustainable development at the heart of operations, and achieving sustainable goals is becoming a condition for competitiveness in the market. This is reflected in the great interest of banks and other stakeholders in our sustainable results. All employees are part of Petrol's commitment to remain competitive in the new conditions of transition to a greener future with a winning sustainable readiness.

THROUGH OUR ACTIONS, WE CONTRIBUTE TO THE ACHIEVEMENT OF THE SUSTAINABILITY GOALS OF THE UNITED NATIONS

Sustainable development is one of the priorities of the Petrol Group. Due to its importance, the Petrol Group has been publishing independent Sustainability reports every two years since 2012. In June 2021, we issued our fifth Sustainability report which is available at Sustainability Report of the Petrol Group 2020 in Sustainability Report - video. The purpose of the Sustainability report is to present more detailed sustainable strategic orientations and challenges, goals, programmes, projects and results. Our activities are complex and diversified; therefore, we are constantly formulating a methodology for sustainable development, measurement, evaluation and reporting.

RESPONSIBILITY TOWARDS EMPLOYEES

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

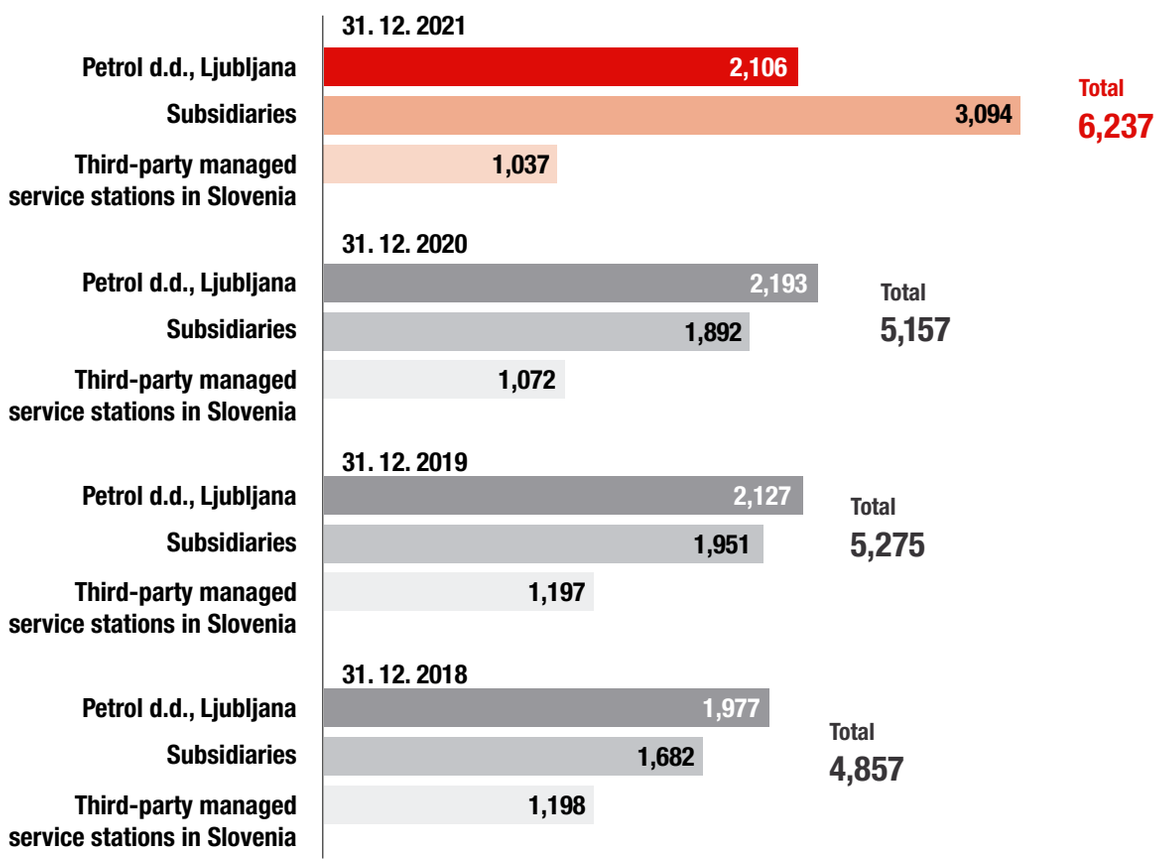
Status of employees in 2021

The year 2021 continued in the light of the epidemic and restrictive measures in the wider region, which continued to dictate regular work processes and set new emphasis on our activities related to employee care.

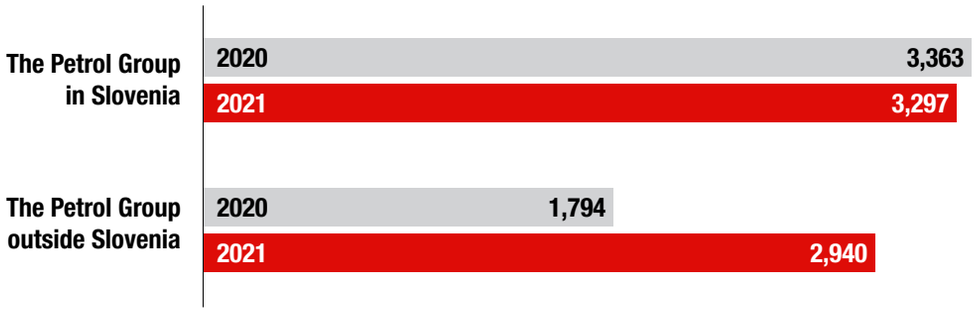
At the end of 2021, there were 6,237 people employed within the Petrol Group and at third-party managed service stations, of whom 47 percent are abroad. The share of employees abroad increased by 12 percent compared to 2020. Namely, Petrol d.d., Ljubljana became the sole owner of the company Crodux Derivati Dva d.o.o., which at the end of 2021 had 1,166 employees.

Compared to the end of 2020, the number of employees in the Petrol Group increased by 1,080 or 21 percent.

NUMBER OF EMPLOYEES IN THE PETROL GROUP 2018–2021



NUMBER OF EMPLOYEES IN THE PETROL GROUP

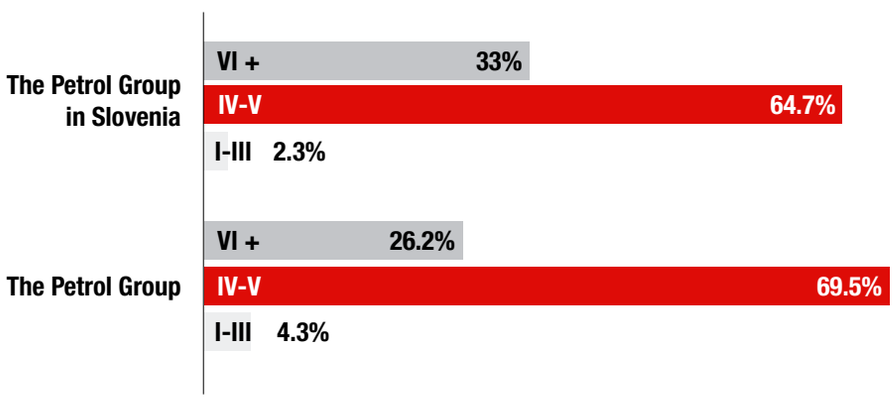


At the end of 2021, the average age of employees was 40 years.

58 percent of employees were male and 42 percent female. The gender balance differs across companies depending on the activity of each company.

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

THE PETROL GROUP'S EDUCATION STRUCTURE AS AT 31 DECEMBER 2021



Recruitment

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

During the selection and recruitment process, all candidates are given equal treatment irrespective of gender, age or other circumstances. Acquiring the right staff is becoming increasingly challenging, that is why we look for candidates through different channels. We engage external partners and look for new employees on social networks. We have set up our own recruitment database to find new staff quickly and efficiently. In recruitment and selection, we use different psychological tests and in-depth interviews.

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

Remuneration and motivation of employees

The Petrol Group's remuneration systems are aimed at motivating employees to perform even better and increasing satisfaction. Salaries consist of fixed and variable parts. Different groups of employees have different remuneration systems that are used as a basis for calculating the variable part of the salary. At the Petrol Group, most employees either have access to the point-of-sale remuneration system or to the remuneration system for corporate functions.

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

In 2021, we upgraded the reward system for points of sale with the “Point of Sale Champions” system, in the framework of which the top 10 percent of Petrol Group points of sale in Slovenia were identified and additionally awarded.

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

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

At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002.

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

In 2021, we continued to meet the changes brought to labour law by the COVID-19 epidemic. Employees were provided with appropriate compensation for absence due to force majeure, quarantine and furlough, as well as benefits and compensation for short-term sick leave. We also kept the employees informed about their possibilities and rights under the law.

Quarterly and annual staff management based on goals and feedback

We systematically monitor work performance with goal-oriented management. Quarterly interviews as a tool of leadership and motivation enable regular structured dialogues between superiors and co-workers, represent the basis for rewarding individual performance based on criteria and key performance indicators in accordance with the system of rewarding corporate functions and represent the possibility of honest dialogue and feedback. In 2021, 1,085 employees took part in quarterly interviews. 550 employees, who are subject to another remuneration system, took part in annual interviews and the annual setting and monitoring of the achievement of goals.

The pandemic is accelerating digital development

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

There was a major shift in the way we do training, socialise and work in 2021. Where permitted by the work process, telework was introduced, requiring a series of adjustments, the rapid acquisition of new computer skills and new approaches to teamwork. It was only possible to conduct live training for a few months, and we organised distance training with the help of digital tools throughout most of the year. We also prepared several in-house electronic training materials, and our knowledge was tested with short quizzes.

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

Training in figures

In 2021, the Petrol Group conducted 88 thousand pedagogical hours of training and recorded 34 thousand participations. On average, each employee attended at least 6 different courses. We achieved 19 percent more participations than in 2020, and we also increased the number of hours by 19 percent compared to the previous year. We have still not reached the level of training from the period before the epidemic, but the trend is positive both in participation and the time we spend acquiring new knowledge.

We replaced all-day live training courses with several different short training sessions in the form of **e-courses followed by a final test**. The effectiveness of the training courses is checked by conducting regular surveys of participants after the end of the training, and the e-classroom offers analytics for the results of final knowledge quizzes. Recordings of training content and internal round tables are available online, and the number of views is increasing daily.

In 2021, we conducted training for SAP modules, deepened our knowledge of Excel, we provided language courses to our staff and organised all legally required training programmes for them. Unfortunately, we had to give up some programmes based on practical group exercises. For professional content, we looked for **alternative options for self-learning**, e.g. the Udemy learning platform. In 2021, the **fourth Project Management Academy took place**, which brought together 24 existing and future project managers working with 17 external and Petrol's in-house lecturers and experts. In the Petrol Group, particular attention is also given to the training of external staff and customers. In 2021, 811 external participants took part in our training courses.

In 2021, the Petrol Group conducted 87,900 pedagogical hours of training and recorded 34,003 participations.

Training in the Petrol Group is systematically arranged for many target groups in the **sales and technical departments**. Certain programmes are mandatory for all employees and are largely carried out in the form of distance self-learning (for example, on occupational safety, information security, and the security of card operations, food handling). With the number of products and services available to our customers increasing. With the introduction of the new generation of Q Max fuels, we organised online presentations for managers, and prepared an e-course for employees, which was sent to all employees

in retail in Slovenia and in subsidiaries in the markets of SE Europe. We empowered the point of sale managers with knowledge of business economics; we will continue the programme in 2022.

As part of **Open Space**, we organised 50 different online events, thematically related to occupational health, knowledge, skills, sustainability and current projects. The events were organised as live online presentations, and the recordings are available to all employees in the archive in the cloud.

Learning Centres in Zalog, Rače and Nova Gorica organised induction seminars for newly recruited sales personnel in 2021, but the number of participants was greatly restricted, as required by the epidemiological services. In a **simulated shop environment**, future and current employees are trained in sales skills. The sale personnel is trained by the network of internal coaches in Slovenia who all have the appropriate skills and knowledge to conduct training and workshops. The network of internal coaches in SEE markets comprises 12 coaches. Every year, we renew our internal certificates and we are committed to maintaining the quality of the coaching skills. The learning centre makes it possible to train new employees, to refresh or gain knowledge, to practice sales skills and to acquaint all sales personnel with major novelties. This way, we consolidate knowledge, strengthen the standard of sales skills, reduce the managers' burden related to the induction of new employees, reduce stress upon onboarding, and decrease the risk of mistakes at work. We aim to transfer good practices in Slovenia to foreign markets, thus allowing for the systematic development of staff in all markets where we operate.

Micro-learning is a new way of learning that we have introduced in the retail network. We published A Minute for Sales videos on a weekly basis, in which an internal coach presented methods and techniques for improving sales skills and presented examples of appropriate customer relations.

We were able to perform the traditional **Best Seller** competition live again at the point of sale. Twice a year we reward sales staff who are the so-called stars of mystery shopping with an award and a special event, which demonstrates that they achieved the best score in an anonymous assessment of the sales process.

We repeated the implementation of the **Sales Academy** for 48 new sales representatives and salespersons in the Petrol Group. Among them, we also identified potentials for internal coaches that will be included in additional training programmes. Coaching culture is already a recognised way of developing sales teams. The network of internal coaches ensures that the knowledge and skills acquired in classroom training are transferred into daily practice. Each sales channel has assigned coaches for whom we have prepared e-training that took place in an internal online classroom. Coaches use a coaching platform for their work, on which they monitor the implementation of coaching plans.

Petrol has a full Family Friendly Enterprise certificate

Petrol d.d., Ljubljana has a full Family Friendly Enterprise certificate. Within the programme linked to this certificate, a series of activities are carried out to maintain a balance between private and working life.

In 2021, we organised a **Petrol Family Day** at the Ljubljana Zoo with a rich programme, designed together with our partners, the Automobile and Motorcycle Association of Slovenia, the Traffic Safety Agency and the management of the Zoo. More than 600 Petrol volunteers and their family members responded to the invitation to Sunday's gathering at the Zoo.

During the fall holidays, we organised an **Open-House event** in the Petrol office building for the children of our employees, however, due to the COVID-19 situation we were unfortunately only able to accept 30 children.

Petrol has a full Family Friendly Enterprise certificate.

Measures to **facilitate the reconciliation of work and family responsibilities** include a gift package for newborns, work at home, an adjusted working day when introducing a child to kindergarten, development plans, intergenerational cooperation through mentoring and many others. The traditional puppet show with gifts from Santa Claus took place remotely. We filled the households with laughter with a stand-up comedy show, we were visited by Petrol's Santa Claus, and we watched all this through our screens due to restrictive measures.

Petrol volunteers and humanitarian projects

With corporate volunteering under the name We Give Back to Society, Employees in Slovenia have been supporting the socially responsible orientation of the Company and at the same time strengthening the interconnectedness of all those participating in individual campaigns for the tenth year in a row. Participants learn and deepen social skills in voluntary activities, and volunteer action coordinators also learn project management skills. Through corporate volunteering, Company loyalty grows, as well as the Company's reputation among recipients. In 2021, as many as 70 Petrol volunteers landscaped in ten work campaigns across Slovenia, helped with household chores, painted walls, erected fences, prepared firewood and offered their help to the animal shelter. We dedicated more than 300 hours of work to these campaigns.

We raised money for our colleagues in Petrinje whose homes were destroyed by an earthquake, swimming aids for holidays at sea for children from socially disadvantaged families, and in December we became Petrol's Santa Clauses and prepared 165 packages for children and delivered them to the Slovenian Association of Friends of Youth Ljubljana Moste - Polje. During the pre-Christmas period, Petrol employees handed out letters of good wishes to the elderly in a home in Bokalci.

Healthy at Petrol programme

Petrol ensures the health and well-being, physical and mental balance within the Healthy at Petrol programme. The basis for the implementation of this programme is the strategy for the 2020–2022 period, which is based on a six-year analysis of the sick leave of employees and occupational medicine reports received by the Company after medical examinations. In addition, a survey was conducted among employees, where we were able to give our suggestions and wishes related to psychophysical problems and needs at work.

Based on both analyses and research, three areas were identified as priorities for the planning of measures to promote employee health – physical health, healthy eating and mental health – while all three pillars are connected by topics of a seasonal nature (e.g.: the prevention of respiratory infections and other seasonal viral diseases, preparation for various sports activities).

At the end of 2021, we conducted an additional in-depth analysis of sick leave for the past two years. The data does not show deviations from the previous period or the set strategy (the exception is the COVID-19 viral conditions). Therefore, in 2022, we will continue with the planned activities of the Healthy at Petrol programme. As in the past two years, we will pay special attention to preventing the spread of COVID-19 infections and ensuring our maximum safety.

In 2021, the majority of the Healthy at Petrol programme took place via the online platforms Teams and Zoom. The most important activities in 2021 were:

- training entitled Health of the spine and locomotor system (297 participants in 2021);
- active breaks during work – videos and guided training via the Teams platform;
- individual consultations via the Teams online platform (with physiotherapists, kinesiologists and occupational physicians) and psychological help in the field of mental health by phone or video call (24/7);
- Open space: hosting experts from various fields of health and healthy lifestyle (via online platforms Teams or Zoom).

As part of the **Connected in Awareness** programme, we conducted two major regional events that took place live throughout Slovenia:

- In May and July we were challenged by the 2 km fast walking test. Testing took place in nature, taking into account all appropriate safety measures.
- During Pink October, the Petrol volunteers joined the Europa Donna campaign in their own way. We encouraged our employees to contribute kilometres by walking or running and to take part in the Europa Donna – Race for the Cure campaign. Alone or in the company of friends and family, they walked or ran 1,231 kilometres for this cause.

The Petrol Tennis League was also held in summer, and in December we enabled employees and their family members to skate on three major professional ice rinks.

A large part of our activities in 2021 was dedicated to the preparation and communication of measures to prevent the spread of COVID-19 and to ensuring the utmost safety of our employees. We prepared posters, articles, instructions, a film about the effective washing and disinfection of hands and work surfaces, and regularly supplied disinfectants and cleaning supplies at all locations in Slovenia. We also transferred good practices to our companies abroad.

We regularly organised COVID-19 testing co-funded by the state. From January to June, 164 testing dates were organised at various locations across Slovenia. 4,605 tests were performed.

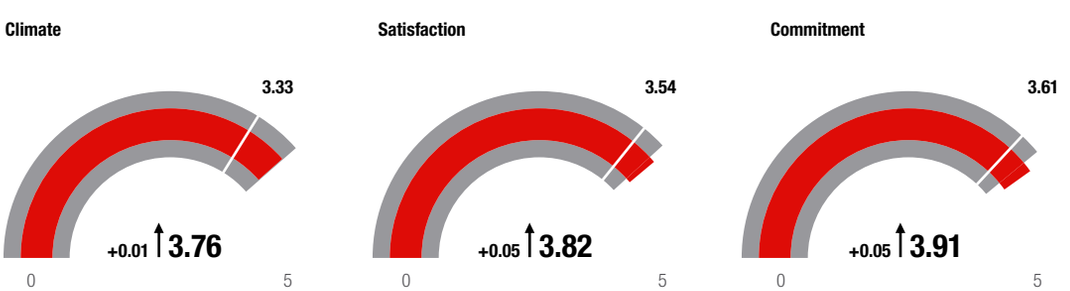
Organisational climate, satisfaction and commitment of Petrol Group employees

We measure the organisational climate survey every two years (most recently in 2020), and we are implementing action measures that we have adopted on the basis of measurements in 2020. The survey has been helping us to systematically identify our own strengths and areas for improvement since 2001.

Internal research shows that we are much more satisfied than the average employee of other Slovenian companies.

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

ORGANISATIONAL CLIMATE, SATISFACTION AND COMMITMENT OF PETROL GROUP EMPLOYEES



Internal communication and bringing people together

Development and communication of a corporate culture of sustainability include the communication of work culture, organisational changes and the transformation of activities, and from the point of view of the desired employer, include the development and communication of workplace wellness programmes and programmes that build good communication and atmosphere in work environments (mentoring, Open space, We give back to society, You accept the challenge?).

In 2021, we carried out a year-round internal I Drive Q Max campaign, through which we strengthened our employees' knowledge and confidence in the quality of fuels. During the year, we also constantly communicated the new Strategy of the Petrol Group 2021–2025. In support of the implementation of the strategy, we have formed a network of internal ambassadors of change, who receive information through workshops to facilitate understanding of the strategy and learn about the Company's strategic initiatives. This way, management obtains valuable feedback from employees, strengthens dialogue and gains a broader understanding of work areas. As part of internal communication in the area of employer branding, we presented the stories of our employees again in 2021 to consolidate the Company's organisational culture, showcase jobs, networking stories and the stories behind the different faces and accomplishments. We also shared tips on Q Max fuels and stories of creativity through staff profiles. Creativity was also boosted through internal contests, stories of courage and bringing people together. In internal journals, we presented managerial, organisational, process and business change in more detail. In 2021, we again intensively communicated all the changes brought about by the epidemic, from measures to prevent the spread of the virus to teleworking.

Occupational safety and preventive medical check-ups

In the Petrol Group, we realise that occupational safety and health, in addition to their main purpose, also ensure the satisfaction of employees. That is why we strive constantly and systematically to reduce the level of risk arising from working processes by introducing appropriate organisational and security measures. Although the working environment is changing owing to the development and introduction of new technologies and procedures, Petrol successfully keeps up with the changes. We look for solutions that are healthier and safer for our employees.

All companies of the Petrol Group have adopted safety declarations with risk assessment. The latest findings in occupational safety and health are integrated into new processes and projects. In addition, we monitor the risks related to the occurrence of accidents and injuries. The risks are assessed periodically and, through safety measures, maintained at an acceptable level. A priority in the advancement of occupational safety and health is the reduction of risks at highly exposed workplaces and seeking links with other areas of safety, in particular fire safety, environmental protection and chemical safety.

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

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

RESPONSIBILITY TOWARDS CUSTOMERS

In the new strategy of the Petrol Group, we place great emphasis on continuously improving the user experience. We place the customer/user at the centre of our operation both in the development of new products and services and in the interaction with the customer at an individual point of contact.

The vision of Petrol is to become an integrated partner in the energy transition offering an excellent user experience. Establishing and caring for customer relationships is our priority, and with new digital channels, an expanded range of energy sources and a personalised offer, we will get even closer to our customers and thus provide them with an excellent user experience.

An excellent user experience is the foundation of future growth

By providing an excellent experience, we develop customer relationships, increase loyalty, promote embassy, differentiate ourselves from the competition and, last but not least, improve business results.

At the heart of the user experience is the customer and understanding their needs, expectations, desires, motivators and behaviours. To achieve a great user experience, it is important to manage that user experience at all points of contact. New market conditions have greatly encouraged the digitalisation of users, so it is equally important to ensure an excellent user experience at digital points of contact. With the increase and complexity of contact points, managing the user experience is becoming increasingly demanding. In order to meet the expectations of our customers, it is extremely important to know their shopping routes, preferences, as well as the importance and intertwining of points of contact.

In the 2021 satisfaction survey, Petrol's customers expressed higher satisfaction at most points of contact.

For years, Petrol has been applying various methods to monitor all phases of the purchasing process at individual points of contact with the customer. We regularly add new channels to the measurements. At regular intervals, we check the expectations and preferences of customers, both our existing ones and those of our competitors. We use the information obtained from customers to improve our offer and user experience on a regular basis.

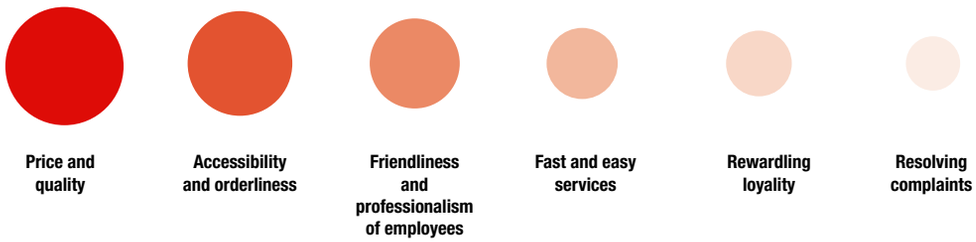
One of the key indicators of monitoring the user experience is measuring user satisfaction. At Petrol, we monitor customer satisfaction at all important points of contact, as well as in comparison with the competition.

The most important elements that affect customer satisfaction and consumer experience, in addition to the price and quality of products and services, which is a key element in all categories/areas, are the following:

- accessibility and orderliness of points of sale and toilets;
- friendly and professional staff;
- fast and easy services;
- rewarding customer loyalty;
- complaint handling.

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

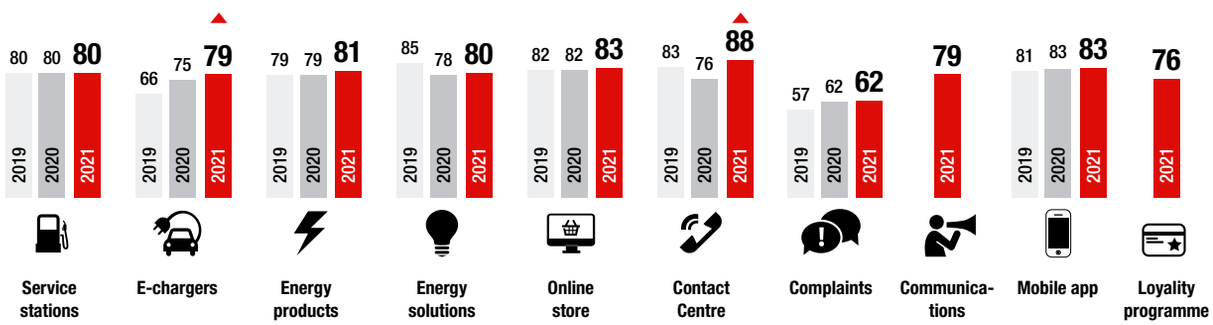
IMPORTANT ELEMENTS THAT HAVE THE GREATEST IMPACT ON SATISFACTION AND USER EXPERIENCE



Source: Petrol Satisfaction Survey 2021, Slovenia; n = 1,016

Growth of satisfaction of Slovenian customers at most points of contact in 2021

An analysis of the results of the Petrol Satisfaction Survey for 2021 shows that Petrol's customers in Slovenia rated higher satisfaction at most points of contact. The highest satisfaction and at the same time the greatest growth in satisfaction is at the Contact Centre, which is one of the key contact points for customer care. This is followed by high satisfaction with digital contact points (applications, online store). Progress has also been made in the field of e-charging stations, where we achieved a 20 percent increase in satisfaction in the years from 2019 to 2021.



Source: Petrol Satisfaction Survey 2021, Slovenia; n = 1,016

In 2021, for the first time, we measured the satisfaction of Petrol's customers and the customers of competitors in key areas on the Croatian market. The users of Petrol's mobile applications expressed the greatest satisfaction, while Petrol resolves complaints best of all the selected competitors.

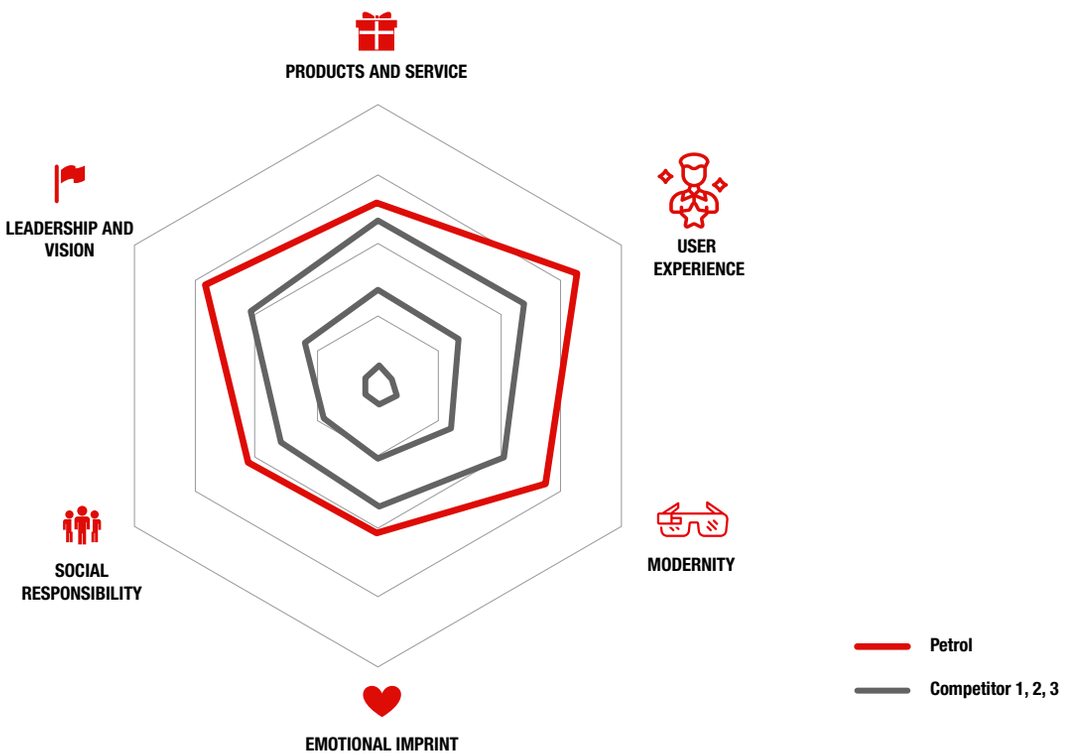
In Serbia, too, in 2021, the satisfaction of Petrol service station customers and key competitors was measured for the first time. Petrol has the largest share of the most satisfied users among all the observed competitors, as well as the lowest share of detractors – i.e. those who would not recommend our experience and would speak ill of it in any way.

User experience – Petrol's biggest advantage

With the annual Brand Power study, which we conduct in all five markets (Slovenia, Croatia, Serbia, Bosnia and Herzegovina and Montenegro), we follow the image of Petrol and Petrol's brands in the general public, while observing how our competitors are positioned among customers. The selected data shows us the success of the progress in the activities we set ourselves last year, all with the aim of realising Petrol's vision: »To become an integrated partner in the energy transition with an excellent user experience.«

Throughout the years of measurement, Petrol has been the strongest brand in terms of service stations, and it will maintain its leading position in terms of brand image in 2021. However, an excellent user experience proves to be our greatest advantage over the competition.

2021 BRAND IMAGE COMPARED TO MARKET SHARE

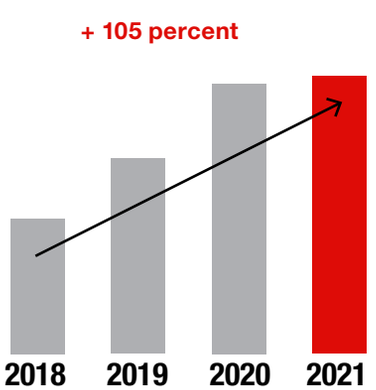


Source: Brand Strength Survey 2021, general public, Slovenia; n = 1,022

In the SEE markets, where Petrol is not the leading player, our strongest dimension remains the user experience, and by far the highest awareness among all the assessed attributes is achieved by our friendly employees.

The image of the brand in the service stations category is most significantly affected by **high-quality fuel**. It is with this awareness that we have further improved the quality of Q Max fuel in 2021 with the new innovative and even improved Dual Action Technology, developed by Afton Chemical from the United Kingdom. We supported the launch of the improved Q Max fuel formula in all markets where Petrol's sales network is present with excellent communication, which was perceived by customers and expressed in the mentioned research. All this is reflected in the growth of the power of the Q Max brand in all markets.

BRAND STRENGHT OF THE Q MAX BRAND OVER TIME (2018–2021)

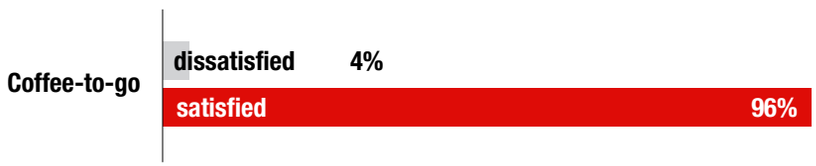


Source: Brand Strength Survey 2021, general public, Slovenia; n = 1,022

In addition to the primary purpose - refuelling - as many as 41 percent of Petrol customers visit a service station in order to indulge themselves with our best Coffee-to-go. Our **Coffee-to-go** is the leading coffee among buyers of coffee-to-go. More than half of coffee-to-go drinkers prefer to buy it at our service stations. Among all Petrol Coffee-to-go customers, as many as 96 percent are satisfied. In addition to its wide availability, it is largely attributed to its unique taste and quick and easy preparation.

Petrol's Coffee-to-go is the most popular coffee among buyers of coffee-to-go.

COFFEE-TO-GO CUSTOMER SATISFACTION IN 2021



Source: Petrol Satisfaction Survey 2021, Slovenia; n = 1,016

The key focus is to consolidate the leading position of the energy company and the leading partner in the energy transition by developing and strengthening its presence in the supply and sale of natural gas and electricity, sales of liquefied petroleum gas and energy efficiency projects. Therefore, it is important to monitor customer responses and customer satisfaction in this activity as well. In 2021, we improved processes in Slovenia and exceeded customer expectations, especially in the transition process, as users praised the satisfaction with the simplicity and responsiveness in the process of changing their energy provider.

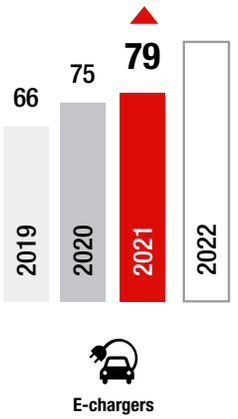
MAXIMUM INCREASE IN SATISFACTION WITH SIMPLICITY AND RESPONSIVENESS IN THE TRANSITION PROCESS

Source: Petrol Satisfaction Survey 2021, Slovenia; n = 1,016

The highest growth in satisfaction in the Slovenian market was achieved in electric mobility, which is an important pillar of Petrol's sustainable and innovative operations. Users place great emphasis on the reliability of e-charging stations. Due to this, we focus our activities on expanding the network and controlling the operation of e-charging stations, which is also reflected in higher customer satisfaction in this area.

More than 80 percent of the customers are our promoters, who express high satisfaction with the friendliness and helpfulness of employees at service stations.

SATISFACTION INDEX FROM 2019 TO 2021 INCREASED BY 20 PERCENT



Source: Petrol Satisfaction Survey 2021, Slovenia; n = 1,016

Monitoring and responding to customer comments

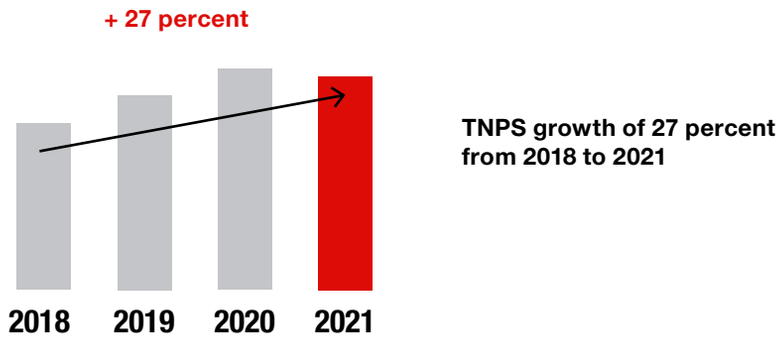
We have been measuring transaction satisfaction for four years using the internationally established NPS (Net Promoter Score) index. It enables us to monitor and respond to customer feedback on a daily basis on all key contact points of Petrol – the entire retail network, TipStop Vianor service workshops, the call centre and customer support, complaints, the Petrol Energy Centre and online shop, where customers give their score after purchase and after picking up a parcel at the service station. In 2021, we received more than 28,000 ratings and increased the response compared to 2020 by 13 percent. In 2022, we are expanding the measurement of transaction NPS to other Petrol contact points, as well as to other markets where we are present.

Assessment of TNPS at the most important contact points

Customers come into contact with Petrol mostly at service stations, followed by the Contact Centre and customer support, eShop, complaints and TipStop Vianor service workshops. Petrol thus enables customers to immediately provide feedback on satisfaction with products, services or processes on a particular channel, and at the same time, it can respond quickly and eliminate any problems.

Our total TNPS-index (total estimate of all the measured contact points), calculated on the basis of received ratings, shows a positive trend, which means that customer satisfaction at contact points has been improving over the years.

2021 was special because of the epidemiological situation and related measures, such as checking the RVT condition and other measures that both businesses and consumers had to follow. By taking into account customer feedback, we have constantly upgraded and improved activities that have improved our customers' shopping journey and experience at service stations, the Contact Centre and digital points. At the same time, user expectations were rising. At the end of the year, rising energy prices and the introduction of the RVT condition also reflected in declining customer satisfaction. Thus, growth in TNPS stopped in 2021 and amounts to 76, which is still above the level of 2019, but it decreased slightly compared to 2020.



Source: Transaction Satisfaction (TNPS), 2021, n = 28,320.

Regardless of the circumstances, more than 80 percent of the customers are our promoters, who express high satisfaction with the friendliness and helpfulness of employees at service stations.

Source: Transaction Satisfaction (TNPS), 2021, n = 28,320.

We listen to the users and get to know their wishes and needs in detail

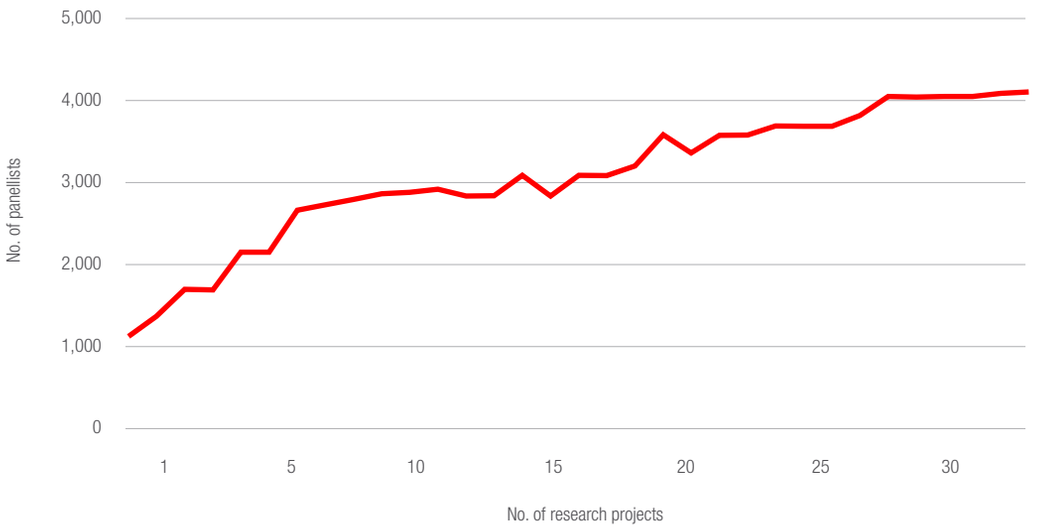
Most improvements and development of new products and services happen in response to different or changing customer needs. Customers participate in many improvements by contributing to the co-creation of the offer in various ways. We invite them into focus groups, talk in-depth with them to really understand their wants and needs, explore pain and test ideas, prototypes at all stages of development of a process, service or product.

This kind of agile mindset and approaches to innovation and re-innovation have resulted in the modification and upgrade of more than 10 business models in 2021. Improvements have been made in the field of comprehensive complaint resolution, the purchase of Petrol solar power plants, we tasted Coffee-to-go and confirmed the scrumptiousness of our Fresh burger… Members of the Petrol Research Panel are always invited to test and innovate, as they are our invaluable source of inspiration for important improvements.

Members of the Petrol Research Panel appreciate our efforts and are happy to be able to help shape Petrol's offer

Petrol's survey panel has been active for four years. Our community comprises over 4,000 members, who have worked with us on 66 development topics during this time. In 2021, they completed 15,725 questionnaires and helped us deepen our understanding of user habits and expectations in 18 areas. They told us what Green Electricity means to them, helped us design the Gold Coupons offer, told us what additional services have the potential to be introduced for all Petrol customers, suggested a set of ingredients for sandwiches, assessed Coffee-to-go and confirmed the awareness of using the Barcaffe brand. Together we discovered the user portal and the "Moj Petrol" application, researched

the knowledge of instalment payments and various limits with the Petrol Club Payment Card, touched on energy solutions and talked to e-charging users about potential new locations. They helped to upgrade the “Na poti” application, shared their views on Sunday shopping and also chose a more likeable image for our points of sale.



Source: Petrol, 2021

Petrol's research panel has been active for four years and includes more than four thousand members.

As we strive to be better and better at designing our research, we are interested in what our loyal panellists think about the research in which they participate and we listen to their suggestions for improvements.

“I am very happy that I can help shape Petrol's range with your research. You happened to use some of the ideas I suggested. That is why I find Petrol's research very interesting.”
POS2.0

“Interesting research. I'm already wondering in which direction you're leaning in further changes to your service stations.”
May omnibus

“Your research? Delicious! It made me want a sandwich.”
Autumn omnibus

“The research is well-prepared. It is only right that people are becoming more and more aware of nature conservation, which is essential for future generations.”
Green electricity

“I appreciate your effort and that you ask for our opinion and wishes. Every research project is engaging in its own way, because someone is interested in the opinion of an ordinary person.”
Moj Petrol

Source: Petrol, 2021

Friendly and professional staff are key to ensuring customer satisfaction

Employee satisfaction is an important condition for providing an excellent user experience, as it is reflected in the quality of internal services and efficient teamwork. Measuring satisfaction with internal cooperation is an important contribution to business excellence, as the quality of the internal services provided consequently affects the satisfaction of external customers and business partners as well.

Just as we regularly monitor the satisfaction of our customers, in 2021, we introduced the annual (previously biennial) **Satisfaction with Internal Cooperation survey with support services**.

Around 1,800 Petrol Group employees were included in the survey, who assessed organisational units in reliability, competence, communication, relationships and commitment, and overall satisfaction.

Each support unit receives an insight into their operation in the internal market and information on where it can be improved from all units and companies in the group that supports them. We also ensured the respondents' satisfaction and greatly shortened the assessment time by optimising the questionnaire. As a result, the response increased by 21 percent compared to the last measurement, which gave us a greater and more in-depth insight into the cooperation with support functions.

Brand loyalty – Petrol Club

Continuing restrictions on the movement of people and epidemiological conditions, the net growth of new members of the Petrol Club in Slovenia remained on a par with the previous year. Gold Points remain the main currency of the Petrol Club and were accumulated on Petrol Cards by purchases or rewarded actions by 16 percent more than in 2020. The number of redeemed Gold Points also increased by 7 percent compared to last year. In 2021, 4 percent more members were active per month than in 2020. The "Na poti" app has become user-friendly; in addition to simply paying for fuel without entering the service station, it also enables a friendly overview and use of the Petrol Club's benefits. With the Petrol Club members, the use of the "Na poti" application increased by as much as 56 percent.

In 2021, we issued five editions of the Petrol Club catalogue, offering an average of 200 products at affordable membership prices. Purchases with Gold Points represent on average 68 percent of sales revenue from products in the catalogue. In addition to the catalogue offer for Gold Points, members are interested in special discounts at points of sale, in the form of Gold Packages and products for EUR 0 or EUR 1, as well as offers on special occasions, such as so-called November Black Friday as part of the eShop or New Year's offer at service stations. We additionally reward the loyalty of our members with quarterly benefits, which are personalised and deposited on the Petrol Club card.

Prize games, which exclusively Petrol Club members can participate in, have become a constant. In 2021, we rewarded our loyal customers with prizes such as refunds to their cars, air conditioning or sports equipment, and last but not least, two lucky winners each with one Ford car and one lucky winner with a prefabricated house.

The summer of 2021 was marked by the Tokyo Olympics and the first Gold Points campaign to donate. With the help of Petrol Club members, we raised the planned number of Gold Points for the Sponsorship in sports project in less than three weeks. Petrol donated money in return.

Because of their efficiency, we will continue all the listed campaigns next year as well.

Petrol’s Contact Centre: 080 22 66

Petrol’s customer support and Contact Centre

Petrol’s customer support and Contact Centre are key points of contact between customers and Petrol in Slovenia. Here, the support and sales functions for different products and services are closely intertwined. We offer our customers all the key information about Petrol's offer in one place, be it fuel, energy, Petrol Cards, loyalty programme, Petrol eShop online store, mobility services, energy or environmental solutions. We are aware that customer feedback and opinions are of utmost importance, so we measure satisfaction with our services on all key communication channels. In 2021, we paid special attention to the changed situation, so we introduced additional digital communication channels: live chat with a consultant, a chat robot and a video call.

Customer claims and complaints handling

Petrol is committed to the highest standards of business ethics, we know the expectations of our customers and we strive to fully meet them. High-quality products and services are one of our principal business commitments, which is why we handle each case of customer dissatisfaction with great care. We are aware that the feedback we receive about our products and services directly from our customers is very important and that, based on them, we can improve and thus build a long-term relationship with customers. Claims and complaints are reviewed systematically and measures are introduced to improve the quality of our processes and user experience in practice. To ensure an excellent customer user experience, in 2021 we improved the unified system of capturing and managing customer claims and complaints in Slovenia in terms of process, information and organisation, and we plan to continue the project in 2022.

RESPONSIBILITY TO THE NATURAL ENVIRONMENT

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

Emissions to air

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

At service stations and fuel storage facilities, we have installed systems for the closed loading of storage tanks.

The emissions of volatile hydrocarbons occur due to evaporation during the decanting and storage of fuel. At Petrol, the process of reducing volatile hydrocarbon emissions is part of all three key elements of the petroleum products distribution chain: storage, transport and sales. At service stations and fuel storage facilities, we have installed systems for the closed loading of storage tanks. In addition, we make sure to install state-of-the-art cooling, air conditioning and heating systems and devices. We ensure the efficiency of emission control by continuously upgrading equipment and installing new systems, in accordance with the guidelines for the best available techniques and regular inspections by authorised contractors. We have obtained environmental permits for all emissions to air that are regulated by law and we monitor them as legally required.

Noise emissions

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

Wastewater

Petrol Group's operations currently involve three categories of wastewater: rainwater, sewage water and industrial wastewater. Rainwater that comes into contact with functional circulation areas is collected separately and purified in oil and water separators. Sewage water is handled in three ways. In built-up areas, it is channelled into a local sewage network. Where connection to a sewage network is not available, small treatment plants are installed. Some sites, however, still use cesspits, which are

maintained on a regular basis. At these sites, cesspits are being discontinued according to schedule in accordance with legal requirements. For small treatment plants to function efficiently, the choice of wastewater purification technology is vital, as is the regular professional monitoring of their operation and their management. Industrial wastewater is treated in state-of-the-art industrial treatment plants.

Adequate wastewater status is ensured through the planned and systematic installation of modern treatment plants and oil traps.

The results of analyses of the content and value of emissions from wastewater disposal show that the wastewater quality at Petrol's sites is at an appropriate level. Adequate wastewater status is ensured by the planned and systematic installation of appropriate modern treatment plants and technically appropriate and prescribed oil traps, and in parallel, we monitor the consumption of cleaning agents, draw attention to the care in the maintenance of cleaning devices and the need for awareness, control and supervision by employees.

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

Waste management

In order to ensure the better utilisation of substances and energy and the generation of less waste, thus reducing the negative impacts on soil, water, air and biodiversity, the Petrol Group operates in accordance with the principles of the circular economy. In waste management, we take into account legal and other requirements and environmental policy, which is part of our environmental management system. When establishing new and revising old processes, we take into account the hierarchy of waste management; we also pay special attention to waste that can be hazardous to the environment.

Integrated waste management is one of the important areas of the sustainable development of our Company, as it not only affects the protection of the environment but also the economics of operations. We place great emphasis on waste prevention and efficient separation of waste at the source. The diversity of our activities and points of sale affects the diversity of waste that we handle and manage.

When developing own-brand products, the aspect of final waste disposal and of the packaging and its environmental impact are also taken into account. We have prepared sustainability criteria for product procurement and guidelines for product design, which will be the basis for changing products into more sustainable ones, and will contribute to closing product life cycles in the long run and ensure the sustainable use of resources.

Light emissions

An aspect of environmental pollution that the Petrol Group pays close attention to is light emissions into the environment. These include direct or indirect inputs of artificial light into the environment, which cause an increase in natural light.

The Petrol Group reduces light pollution by dimming the edges of canopies, totem signs and pylons, and turning off unnecessary street lighting and lights when the point of sale is not in operation.

In addition to the rehabilitation of street lighting, the Petrol Group decided to dim the lighting of canopy borders, totem signs and pylons and to turn off all unnecessary street lighting and lights in stores, at all points of sale when the point of sale is closed. These measures further help reduce light pollution.

At Petrol, we are aware that excessive lighting of the environment is a serious problem. By choosing appropriate solutions and modern lamps, with which we directed the light where it is needed, we significantly reduced electricity consumption while significantly reducing light pollution.

Prevention of major accidents

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

Fire safety and anti-explosion protection are very important aspects of safety. They are ensured through both statutory and preventive safety measures. These allow business continuity and the protection of persons, the environment and property. In accordance with protection and rescue plans, practical fire and evacuation drills were organised in October and November 2021, the month of fire safety, in Petrol's office buildings, at service stations and at fuel storage facilities.

In 2021, particular attention was given in Slovenia to the continued strengthening of the Company’s safety culture by organising training for employees, as well as by introducing safety monitoring when hazardous works are carried out.

More information about our environmental actions in 2021 will be presented in the next Sustainability Report of the Petrol Group in June 2023.

QUALITY CONTROL

Quality and excellence are embedded in the Petrol Group's strategy for the 2021 – 2025 period, which is why we are constantly upgrading and expanding our quality management systems. 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 HAC-CP food safety management system, of the ISO 45001 occupational health and safety system and of the ISO 27001 information security system. Petrol has a Responsible Care Certificate for its activities relating to storage, logistics and the retail network of service stations in Slovenia, an FSC certificate for the sale of FSC-certified products, and an ISCC certificate for trading and storage of renewable energy sources.

Thanks to our professional services and support, we maintain the status of the leading energy company in Slovenia, which has a significant impact on the development and introduction of the most advanced fuels to the Slovenian market.

In the Petrol Group, ensuring maximum quality is a fundamental principle of our operations. Thanks to our specialist services and support, we maintain the status of being a leading energy company in Slovenia, which has an important impact on the development and introduction of new technologically most advanced fuels to the Slovenian market. **Petrol Laboratory**, which is accredited to the SIST EN ISO/IEC 17025:2017 standard (General requirements for the competence of testing and calibration laboratories), has an important role in this process. In 2021, Petrol Laboratory expanded its range of accredited methods. At the end of the year, Petrol Laboratory had 55 accredited test methods for petroleum product testing.

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

OVERVIEW OF CERTIFICATES AND ACCREDITATIONS

Company	Quality management system	Environmental management system	Energy management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001:2015	ISO 14001:2015	ISO 50001:2018	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	/	/	/
Petrol Geo, d. o. o.	ISO 9001:2015	/	/	/	/
Beogas, d. o. o.	ISO 9001:2015	/	/	/	/
Petrol, d. o. o., Beograd	ISO 9001:2015	ISO 14001:2015	/	/	ISO 45001:2018

* 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.

Q Max – quality guarantee of Petrol fuels

The Q Max brand has been the mainstay of Petrol's fuel quality for more than a decade. Petrol incorporates in its fuels all the innovations and requirements dictated by legislation, engine manufacturers and, in recent years, increasingly stringent restrictions related to the reduction of environmental impacts.

Q Max fuels are designed according to the **latest guidelines** required today by the technological development of internal combustion engines in combination with state-of-the-art exhaust cleaning systems. With advanced solutions in the field of fuel additives, Q Max fuels ensures that the interior of the engine parts are kept almost completely clean, which is a prerequisite for the processes in them to take place optimally. All this is reflected in reduced consumption, higher energy efficiency and very low emissions. With the new fuel versions (Q Max iQ diesel), flawless engine operation is possible even under the highest engine loads and in the most unfavourable climatic conditions (low temperatures).

The high quality of Q Max fuels is not only provided by the composition and technological advancement but also by a complex and professionally supported **quality control system** at the time of their use. Petrol fuel quality control procedures are included in all the key points of the supply and sales chain. The control system is also integrated with international standards of business quality and controls, which are based on accreditation prescribed and supervised procedures (internationally recognised accreditations). All this requires qualified and experienced staff united in the field of Sustainable Development, Quality Assurance and Business Security. The central part of this area is our own **accredited oil laboratory**, with which we can quickly and thoroughly control the quality of fuels and other products.

In 2021, in the field of Q Max fuel development, Petrol paid special attention to even better environmental acceptability by including modern sustainably produced ingredients, which reduce the negative effects of fuels on the environment and potential effects on global warming.

Petrol fuel quality control procedures are included in all the key points of the supply and sales chain.

SOCIAL RESPONSIBILITY

The Petrol Group pays special attention to social responsibility. In our business and social activities, we try to actively influence and help solve environmental, social and other challenges in the environment in which we live and operate. In 2021, we again supported a number of humanitarian, cultural, sports and environmental projects through sponsorships and donations.

Sponsorship

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

The Petrol Group has been a major supporter of sport in Slovenia and in the region for a number of years.

Petrol has a traditional presence in winter sports, where our support for the Ski Association of Slovenia and the Biathlon Association of Slovenia stand out. In both, we have been sponsoring all age categories of national teams for many years, as well as one of our best snowboarders. In the mentioned sports, we are personal sponsors of the best competitors, including **Žan Kranjec**, **Jakov Fak**, **Žan Košir** and the promising young biathlete **Alex Cisar**. We also traditionally support the men's alpine skiing competition, the **Vitranc Cup**, the **Pokljuka biathlon world cup competition**, and the **Rogla snowboarding world cup competition**.

The Petrol Group is no less present in summer sports. As one of the biggest sponsors, we support the **Basketball Association of Slovenia**, the **Football Association of Slovenia**, the **Volleyball Association of Slovenia**, the **Tennis Association of Slovenia** and many larger and smaller clubs, including the **Cedevita Olimpija Basketball Club**, the **Jesenice Hockey** and **Skating Association**, **Bravo Football club**, **»Z`Dežele« Sankaku Celje Judo club**, **Domžale Helios Suns Basketball club**, **Branik Maribor Tennis club**, **Ježica Women's basketball club**, **Dobovec Futsal club** and other smaller sports teams.

In addition to the above-mentioned winter athletes, the Petrol Group as a personal sponsor supports the **motocross rider Simon Marčič**, **triathlete Denis Šketak** and young promising **tennis player Maša Viriant**. The presence in many sports is rounded out by the sponsorship of the **Olympic Committee of Slovenia** and the **Croatian Olympic Committee**.

In addition to sports sponsorships, the Petrol Group takes part in technical projects linked to various energy and environmental activities. As a sponsor, we continued to support conferences, symposiums and events on sustainable development, energy efficiency and e-mobility, management, marketing and public relations (**SOZ Academy, PR Theater, Europe Reader, Bled Strategic Forum, 23rd SKOJ, MDLG, Euromar 2021, SZE International Conference 2021, Pantheon 2021, 10th Ljubljana Forum, Slovenian Car of the Year 2021** and others).

In the arts segment, we have been cooperating with the Ljubljana Festival and Lent Festival for many years, and we also support cultural events taking place in Ljubljana City Theatre, Cankarjev Dom (The Magnificent 7 season ticket) and Slovenia's other cultural institutions. In addition, we are involved in the area of entertainment shows, concerts and musicals, which were severely curtailed in 2021 due to the epidemic.

In 2021, we were also active as a sponsor in other markets in the region; namely, in Croatia, we sponsored the Croatian Olympic Committee (COC), in Bosnia and Herzegovina we supported the "Udruženje Naš tim" ski club, and in Serbia last year we sponsored the Vrbas Handball club.

Humanitarian projects

Part of our social footprint are corporate volunteering activities, which we have been nurturing for the tenth year and through which we give back to society through our volunteer work, knowledge and increasing material aid. In 2021, 70 employees from Slovenia took part in ten work campaigns in the Corporate Volunteering **Week We Give Back To Society**. Petrol contributed 140 work hours in these work campaigns, with volunteers contributing another 140 volunteer hours.

2021 marked the eleventh anniversary of the humanitarian campaign **Donate Energy for Life**, through which in cooperation with the Red Cross of Slovenia and the Transfusion Institute we raise awareness of the importance of blood donation throughout Slovenia, invite new blood donors and inform existing donors about healthcare needs.

2021 marked the eleventh anniversary of the humanitarian campaign Donate Energy for Life, through which we raise awareness of the importance of blood donation.

In 2021, we also celebrated the eleventh anniversary of the **Our Energy Connects project**, in which funds earmarked for business gifts are given to charity. Each service station in Slovenia proposes a humanitarian project for which we allocate EUR 200. Through this project, we have supported a total of 145 different humanitarian projects implemented by non-profit organisations. As part of this project, we have donated a total of more than EUR 680,000 to local humanitarian projects in eleven years.

In 2021, we once again extended our helping hand to the Moste – Polje Association of Friends of Youth. In the **Petrol Santa Claus** campaign, employees from Slovenia raised as many as 165 New Year's presents for children from socially disadvantaged backgrounds.

In 2021, we also supported quite a few projects in the region with donations. With certainly the largest donation, Petrol d.d., Ljubljana, and Petrol d.o.o. Zagreb has responded to help employees affected by the earthquakes in Petrinja and Sisak. Together, they set up a special fund, to which they allocated EUR 50,000 each, a total of EUR 100,000.

In Serbia, we also donated to support the kindergarten in Šimanovci, helping with the project to illuminate the monument to Sava Šumanović in Šid, which will be realised in the spring of 2022. We also donated to the Slovenian Embassy in Serbia and Bosnia and Herzegovina.

THE PETR GROUP

Hand in hand, with mutual trust, with integrity, and in partnership, we can overcome challenges and achieve success.


ROL

COMPANIES IN THE PETROL GROUP

The Petrol Group as at 31 December 2021	Sales	Energy and environmental systems	Production of renewable electricity
The parent company			
Petrol d.d., Ljubljana	•	•	•
Subsidiaries			
Petrol d.o.o. (100%)	•	•	
Petrol javna rasvjeta d.o.o. (100%)		•	
Adria-Plin d.o.o. (75%)	•		
Crodux Derivati Dva d.o.o. (100%)	•		
Petrol BH Oil Company d.o.o. Sarajevo (100%)	•		
Petrol d.o.o. Beograd (100%)	•	•	
Petrol LUMENNIS PB JO d.o.o. Beograd (100%)		•	
Petrol LUMENNIS VS d.o.o. Beograd (100%)		•	
Petrol LUMENNIS ZA JO d.o.o. Beograd (100%)		•	
Petrol LUMENNIS ŠI JO d.o.o. Beograd (100%)		•	
Petrol KU 2021 d.o.o. Beograd (100%)		•	
Petrol Crna Gora MNE d.o.o. (100%)	•		
Petrol Trade Handelsges.m.b.H. (100%)	•		
Beogas d.o.o. Beograd (100%)	•	•	
Petrol LPG d.o.o. Beograd (100%)	•		
Tigar Petrol d.o.o. Beograd (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 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%)			•
E 3, d.o.o. (100%)	•		
STH Energy d.o.o. Kraljevo (80%)		•	
Petrol - OTI - Terminal L.L.C. (100%)	•		
Geoplin d.o.o. Ljubljana (74.28%)	•		
Geocom d.o.o. (100%)	•		
Geoplin d.o.o., Zagreb (100%)	•		
Geoplin d.o.o. Beograd (100%)	•		
Zagorski metalac d.o.o. (25%)	•	•	
Jointly controlled entities			
Geoenergo d.o.o. (50%)		•	
Soenergetika d.o.o. (25%)		•	
Associates			
Plinhold d.o.o. (29.6985%)		•	
Aquasystems d.o.o. (26%)		•	
Knešca d.o.o. (47.27% of the company is owned by E 3, d.o.o.)			•

As at 31 December 2021, the Petrol Group diagram does not include inactive companies.

THE PARENT COMPANY

PETROL, SLOVENSKA ENERGETSKA DRUŽBA, D.D., LJUBLJANA
Management Board: Nada Drobne Popović, President of the Management Board, Matija Bitenc, Member of the Management Board, Jože Bajuk, Member of the Management Board, Jože Smolič, Member of the Management Board, and Zoran Gračner, Member of the Management Board.
E-mail: petrol.pr@petrol.si

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

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

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

In 2021, the company Petrol d.d., Ljubljana generated EUR 3.55 billion in sales revenue, which is 52 percent more than in 2020, mainly due to higher prices of oil, electricity and other energy products.

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

- 2.6 million tons of petroleum products, down 3 percent relative to 2020;
- 33.0 thousand tons of LPG, up 5 percent relative to 2020;
- 1.4 TWh of natural gas, down 19 percent relative to 2020;
- merchandise totalling EUR 396.0 million, up 6 percent relative to 2020.

Operating costs totalled EUR 298.7 million or 10 percent more than in 2020. The costs of materials totalled EUR 23.8 million on a par with the previous year. The costs of services stood at EUR 114.2 million, an increase of 3 percent over the year before. The costs of work stood at EUR 78.3 million, an increase of 5 percent over the year before. In accordance with the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, Petrol d.d., Ljubljana benefited from measures to reimburse quarantine and force majeure compensation, crisis allowance compensation and short sick leave compensation of 80 percent in the total amount of EUR 0.4 million (in the amount of EUR 2.4 million in 2020) and recorded this exemption as a decrease in labour costs. Depreciation and amortisation amounted to EUR 46.7 million, which is 1 percent less than in 2020. Other costs amounted to EUR 35.7 million.

Other operating revenue stood at EUR 274.8 million, which was EUR 164 million more than in 2020. Gain on derivatives totalled EUR 269.8 million or 171 percent more than in 2020. Other operating expenses, the bulk of which is attributable to losses on derivatives, stood at EUR 236.3 million, which was EUR 210 million more than in 2020.

The operating profit amounted to EUR 100.3 million, which is 184 percent more than in 2020.

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

Petrol d.d., Ljubljana (EUR million)	2021	2020	2021/2020 Index
Adjusted gross profit	360.5	280.5	129
Labour costs, including government grants	78.3	74.7	105
Labour costs, excluding government grants	78.7	77.0	102
EBITDA, including government grants	147.0	82.6	178
EBITDA, excluding government grants	146.6	80.2	183
Pre-tax profit, including government grants	94.6	31.7	299
Pre-tax profit, excluding government grants	94.2	29.3	322

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities stood at EUR 3.3 million, a decrease of EUR 0.3 million relative to 2020. Net finance expenses stood at EUR –20.2 million and was down EUR 12.9 million compared to 2020. In 2021 Petrol d.d., Ljubljana's net profit on derivatives was up by EUR 7.6 million and EUR 6.7 million higher loss from net exchange rate differences relative to 2020. The value adjustment of operating receivables totalled EUR 3.0 million. Due to impairments of investments and goodwill, financial expenses decreased by EUR 6.6 million. Net interest expenses were EUR 1.1 million higher than in 2020, while the elimination and recovered adjustments of receivables were EUR 0.6 million lower than in 2020. Net other financial expenses in EUR 2021 were EUR 2.4 million higher than in 2020.

Pre-tax profit totalled EUR 83.4 million or EUR 51.7 million more than in 2020. Net profit of Petrol d.d., Ljubljana for the year 2021 stood at EUR 66.5 million, up 37.6 million relative to 2020.

Total assets of Petrol d.d., Ljubljana as at 31 December 2021 equalled EUR 1.9 billion, which was 28 percent more in 2020. Of this, non-current assets amounted to EUR 1.2 billion, which is 19 percent more than on 31 December 2020. Current assets amounted to EUR 650.1 million, which is 48 percent more than on 31 December 2020, mainly due to lower operating receivables.

The equity of Petrol d.d., Ljubljana as at 31 December 2021 equalled EUR 609.9 million, which was 4 percent more than at the end of 2020.

SUBSIDIARIES

THE PETROL ZAGREB GROUP

President of the management board: Boris Antolovič
E-mail: boris.antolovic@petrol.hr
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol d.o.o. is a 100 percent owner of Petrol javna rasvjeta d.o.o. and a 75 percent owner of Adria-Plin d.o.o., which was acquired through the purchase of the rights and assets of Crodux Plin d.o.o. In September 2019, the Petrol Zagreb Group acquired Crodux Plin d.o.o.'s LPG operations while in January 2020, it acquired its electricity-trading operations. The Petrol Zagreb Group sells oil, merchandise and services and supplies other energy products in Croatia. In 2021, it sold 726.0 thousand tons of petroleum products and LPG, up 7 percent from 2020. In 2021, the Petrol Zagreb Group generated a total of EUR 563.3 million in sales revenue, which is 48 percent more than in 2020. The Group generated EUR 502.5 million of sales revenue from the sale of petroleum products and LPG and EUR 60.8 million from the sale of merchandise and services. Its operating profit stood at EUR 29.7 million in 2021, an increase of EUR 2.4 million from the previous year. The group's net profit for 2021 totalled EUR 22.8 million, which was EUR 1.6 million more than in the previous year. The Petrol Zagreb Group operated 109 service stations at the end of 2021.

The group's equity totalled EUR 208.3 million as at 31 December 2021.

CRODUX DERIVATI DVA D.O.O.

President of the management board: Boris Antolović
E-mail: boris.antolovic@petrol.hr
Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2021, Petrol d.d., Ljubljana, after fulfilling the suspensive conditions, completed the acquisition of a 100 percent interest in Crodux Derivati Dva d.o.o. With the acquisition of Crodux Derivati Dva d.o.o. the Petrol Group acquired 93 service stations in Croatia. Crodux Derivati Dva d.o.o. is engaged in the retail and wholesale of petroleum products in Croatia. Intensive integration of processes and the parent company's business policy has been in place since the company's entry to the Petrol Group. In the last three months of 2021, Crodux Derivati Dva d.o.o. sold 161.0 thousand tons of petroleum products and LPG. In the last three months of 2021, it generated EUR 174.5 million in sales revenue. The company generated EUR 163.4 million in sales revenue from the sale of petroleum products and LPG and EUR 11.1 million from the sale of merchandise and services. In the last three months of 2021, it generated EUR -4.2 million in sales revenue. In the fourth quarter of 2021, the company generated an EBITDA of EUR 2.4 million. Normalized EBITDA, excluding one-off costs, stands at EUR 7.3 million and is slightly below the plan because of the effect of the petroleum product price regulation.

On 31 December 2021, the company's equity amounted to EUR 38.5 million.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

General Manager: Gregor Žnidaršič
E-mail: gregor.znidarsic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling petroleum products, merchandise and services in Bosnia and Herzegovina. In 2021, it sold 190.2 thousand tons of petroleum products and LPG, which was on a par with the previous year. In 2021, Petrol BH Oil Company d.o.o. Sarajevo generated EUR 140.3 million in sales revenue, down 21 percent from 2020. In Bosnia and Herzegovina, petroleum product prices were set freely in the market until 3 April 2021, when gross motor fuel margins were limited due to the pandemic (the maximum retail margin was EUR 0.128 per litre and the maximum wholesale

margin was EUR 0.031 per litre). The margin cap is still ongoing. The Group generated EUR 129.6 million of sales revenue from the sale of petroleum products and LPG and EUR 10.7 million from the sale of merchandise and services. Its operating profit stood at EUR 3.2 million in 2021, a decrease of EUR 2.1 million from the previous year. The company's net profit for 2021 totalled EUR 3.5 million, a decrease of EUR 1.6 million from 2020. Petrol BH Oil Company d.o.o. Sarajevo operated 42 service stations at the end of 2021.

The company's equity totalled EUR 69.1 million as at 31 December 2021.

THE PETROL BEOGRAD GROUP

General Managers: Uroš Bider, Miljko Vlačić
E-mail: uros.bider@petrol.co.rs
Ownership interest of Petrol d.d., Ljubljana: 100%

In 2020, Petrol d.o.o., Beograd, became the sole owner of Petrol LUMENNIS PB JO d.o.o. Beograd in Petrol LUMENNIS VS d.o.o. Beograd and in 2021, the sole owner of Petrol LUMENNIS ZA JO d.o.o., Petrol LUMENNIS ŠI JO d.o.o. and Petrol KU 2021 d.o.o, which are engaged in public lighting projects in Serbia. The Petrol d.o.o company's principal activity is selling petroleum products, merchandise and services in Serbia. The volume of petroleum products and LPG sold in 2021 totalled 107.5 thousand tons, up 24 percent from the previous year. In 2021, the Petrol Beograd Group generated a total of EUR 73.5 million in sales revenue, which is 23 percent less than in 2020. The Group generated EUR 68.3 million of sales revenue from the sale of petroleum products and LPG and EUR 5.3 million from the sale of merchandise and services. Its operating profit stood at EUR 3.6 million in 2021, an increase of EUR 0.8 million from the previous year. The company's net profit for 2021 totalled EUR 3.2 million, a year-on-year increase of EUR 1.0 million. Petrol d.o.o. Beograd operated 16 service stations at the end of 2021.

The company's equity totalled EUR 32.3 million as at 31 December 2021.

PETROL CRNA GORA MNE D.O.O.

Executive Director: Tadej Zorjan (from 1 June 2021), Jaka Hrastnik (until 24 May 2021)
E-mail: tadej.zorjan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling oil, merchandise and services in Montenegro. It was formed when Petrol Crna Gora d.o.o. Cetinje was legally and formally merged into Petrol Bonus d.o.o. in July 2012. The merger resulted in a new company called Petrol Crna Gora MNE d.o.o. In 2021, it sold 53.6 thousand tons of petroleum products and LPG, up 32 percent from 2020. In 2021, Petrol Crna Gora MNE d.o.o. generated EUR 40.4 million in sales revenue, up 68 percent from 2020. The company generated EUR 34.9 million of sales revenue from the sale of petroleum products and LPG and EUR 5.4 million from the sale of merchandise and services. Its operating profit stood at EUR 1.8 million in 2021, an increase of EUR 1.3 million from the previous year. The company's net profit for 2021 totalled EUR 1.2 million, an increase of EUR 0.8 million from 2020. Petrol Crna Gora MNE d.o.o. operated 15 service stations at the end of 2021.

The company's equity totalled EUR 21.5 million as at 31 December 2021.

THE GEOPLIN GROUP

General Manager: Vanja Lombar (since 3 January 2022), Jože Bajuk (since 26 March 2021), Boštjan Napast (until 31 August 2021)
E-mail: vanja.lombar@geoplin.si
Ownership interest of Petrol d.d., Ljubljana: 74.28%

The company has been engaged in energy operations, i.e. supplying, trading and acting as an agent and intermediary in the natural gas market, the company's principal activity, since mid-1978. Its operations in the area of natural gas supply and services also extend abroad. To be able to ensure reliable supply, it has appropriate and diversified procurement sources at its disposal, as well as transport and storage facilities. The Geoplin Group comprises the parent company Geoplin d.o.o. Ljubljana and its subsidiaries Geoplin d.o.o. in Zagreb, Geoplin d.o.o. Beograd and Geocom d.o.o., which are wholly owned by the parent company, as well as Zagorski metalac d.o.o., which is 25 percent owned by the parent company. In 2021, the company's focus was mainly on carrying out and developing its principal activity of marketing and trading in natural gas. To this end, the company developed trading infrastructure to support the optimisation of its procurement and sales portfolio, as well as its expansion to new markets. Together with efficient energy consumption and RES projects, it also continued to develop and market energy solutions. In 2021, the Geoplin Group sold 35.5 TWh of natural gas, generating EUR 753.2 million in sales revenue. The group's net profit for 2021 totalled EUR 18.0 million. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 13.4 million.

The group's equity totalled EUR 159.1million as at 31 December 2021.

BEOGAS D.O.O. BEOGRAD

General Manager: Uroš Bider
E-mail: uros.bider@petrol.co.rs
Ownership interest of Petrol d.d., Ljubljana: 100%

Beogas d.o.o. is engaged in financing, designing and constructing distribution pipelines, but it also distributes natural gas in Belgrade municipalities: Čukarica, Palilula and Voždovac, as well as in Pećinci since August 2015 and in Bačka Topola since June 2018. Beogas d.o.o. Beograd is the owner of 482.1 km of the gas distribution network and 12,695 active gas connections. In 2021, the company sold 359.5 thousand MWh of natural gas, up 11 percent on the previous year. In 2021, it generated EUR 12.8 million in sales revenue, up 10 percent on the previous year. The company's operating profit stood at EUR 2.4 million in 2021, an increase of EUR 0.6 million from the previous year. The company's net profit for 2021 totalled EUR 2.0 million, an increase of EUR 0.4 million from 2020.

The company's equity totalled EUR 21.4 million as at 31 December 2021.

THE PETROL LPG GROUP

General Managers: Miljko Vlačić, Uroš Bider
E-mail: miljko.vlacic@petrol.co.rs
Ownership interest of Petrol d.d., Ljubljana: 100%

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

In 2021, the Petrol LPG Group sold 69.7 thousand tons of liquefied petroleum gas, down 11 percent on the previous year. In 2021, it generated EUR 42.4 million in sales revenue, a year-on-year decrease of 9 percent. The company's net profit for 2021 totalled EUR 0.2 million, a decrease of EUR 1.6 million from 2020. The group's net profit for 2021 totalled EUR 0.1 million, which was EUR 1.5 million less than in the previous year.

The group's equity totalled EUR 10.3 million as at 31 December 2021.

PETROL GEO D.O.O.

General Manager: Štefan Hozjan (from 8 July 2021), Matej Prkič (until 31 May 2021)
E-mail: stefan.hozjan@petrol.eu
Ownership interest of Petrol d.d., Ljubljana: 100%

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

Petrol Geo d.o.o. generated EUR 3.4 million in sales revenue in 2021, up 2.1 percent on the previous year. The company's operating profit stood at EUR 2.2 million in 2021, an increase of EUR 2.4 million from the previous year. The company's net profit for 2021 totalled EUR 1.3 million, a year-on-year increase of EUR 1.9 million.

The company's equity totalled EUR 2.2 million as at 31 December 2021.

IG ENERGETSKI SISTEMI D.O.O.

Manager: Barbara Jama Živalič
E-mail: barbara.jama-zivalic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

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

PETROL TRADE HANDELSGESELLSCHAFT M.B.H.

General Manager: Marko Malgaj
E-mail: marko.malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

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

In 2021, the company purchased and sold 102.4 thousand tons of petroleum products and LPG. In 2021, it generated EUR 59.0 million in sales revenue, up 34 percent from 2020. Its net profit for 2021 totalled EUR 438.8 thousand

The company's equity totalled EUR 2.0 million as at 31 December 2021.

VJETROELEKTRANE GLUNČA D.O.O.

General Managers: Borut Bizjak (since 22 February 2021), Boris Antolovič
E-mail: borut.bizjak@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In February 2016, Petrol d.d., Ljubljana became the sole owner of the Šibenik-based company Vjetroelektrane Glunča d.o.o. The company is engaged in electricity production. The company owns a 20.7 MW wind farm in the Šibenik area. In 2021, it generated EUR 5.2 million in sales revenue, its net profit totalling EUR 1.3 million.

The company's equity totalled EUR 11.8 million as at 31 December 2021.

PETROL HIDROENERGIJA D.O.O., TESLIĆ

General Manager: Gregor Žnidaršič
E-mail: gregor.znidarsic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 80%

In September 2015, the companies Petrol d.d., Ljubljana and Eling Inžinjering d.o.o. Teslić established the company Petrol Hidroenergija d.o.o. The company is engaged in electricity production. In 2021, the company generated EUR 979.7 thousand in sales revenue. Its net profit for 2021 totalled EUR 562.8 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 450.3 thousand.

The company's equity totalled EUR 7.2 million as at 31 December 2021.

PETROL POWER D.O.O.

General Manager: Aleš Weiss
E-mail: ales.weiss@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 99.7518%

Intrade energija d.o.o. Sarajevo became a subsidiary of Petrol d.d., Ljubljana when the company IG Investicijski inženiring, d.o.o. was merged into Petrol d.d., Ljubljana. It was renamed Petrol Power d.o.o. in January 2020. The company produces and distributes electricity. In 2021, the group generated EUR 750.8 thousand in sales revenue. Its net loss for 2021 totalled EUR –202.3 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR –201.8 thousand.

The company's equity totalled EUR –1.9 million as at 31 December 2021.

MBILLS D.O.O.

General Manager: Primož Zupan
E-mail: primoz.zupan@mbills.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In February 2018, Petrol d.d., Ljubljana became a 76 percent owner of Mbills d.o.o. The company operates under the Petrol mBills brand, which stands for paperless and cashless payments. The app is an open mobile payment platform based on the mobile wallet. It can be used for paying bills at the cash desk, monthly bills, online shopping, money transfers and much more. In April 2020, Petrol d.d., Ljubljana increased its ownership interest in Mbills d.o.o. from 91.04 percent to 100 percent. In 2021, the group generated EUR 2.3 million in sales revenue. Its net loss for 2021 totalled EUR –1.1 million.

The company's equity totalled EUR 4.5 million as at 31 December 2021.

THE EKOEN GROUP

General Manager: Igor Jogan
E-mail: igor.jogan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In November 2018, Petrol d.d., Ljubljana acquired a 100 percent interest in Ekoen d.o.o., which is the sole owner of Ekoen GG d.o.o. The company's principal activity is to produce and distribute heat from renewable sources. In 2021, the group generated EUR 517.0 thousand in sales revenue. Its net loss for 2021 stood at EUR –9.4 thousand.

The group's equity totalled EUR 738.8 thousand as at 31 December 2021.

EKOEN S D.O.O.

General Manager: Igor Jogan
E-mail: igor.jogan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2018, Petrol d.d., Ljubljana acquired a 100 percent interest in Ekoen S d.o.o. The company's principal activity is to produce and distribute heat from renewable sources. In 2021, the group generated EUR 50.7 thousand in sales revenue. Its net profit for 2021 totalled EUR 7.0 thousand.

The company's equity totalled EUR 15.3 thousand as at 31 December 2021.

ZAGORSKI METALAC D.O.O.

General Manager: Vladimir Sabo
E-mail: vladimir.sabo@petrol.hr
Ownership interest of Petrol d.d., Ljubljana: 75% **Geoplin d.o.o. Ljubljana:** 25%

The company is engaged in natural gas distribution and supply, as well as in distribution pipeline maintenance, design and construction. Zagorski metalac d.o.o. distributes natural gas in Zagreb County and in Krapina-Zagorje County. The company has a broad gas distribution network, through which it supplies gas to over 17,800 end-customers. In 2021, it sold 206.9 thousand kWh of natural gas and distributed 281.1 thousand kWh of natural gas. In 2021, the group generated EUR 8.0 million in sales revenue. Its net profit for 2021 totalled EUR 382.0 thousand.

The company's equity totalled EUR 9.1 million as at 31 December 2021.

E 3, D.O.O.

General Manager: Darko Pahor
E-mail: darko.pahor@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In January 2021, Petrol d.d., Ljubljana, after fulfilling the suspensive conditions, completed the acquisition of a 100 percent interest in the company E 3, d.o.o, which is a key supplier of electricity in the Primorska region. The main activities of the company are the supply of electricity, the production of electricity from renewable sources and cogeneration, activities related to efficient energy use and the supply of steam and hot water. In 2021, E 3, d.o.o. sold 1,694 GWh of electricity and 11.0 GWh of heat. In 2021, the group generated EUR 125.1 million in sales revenue. Its net profit for 2021 totalled EUR 579.3 thousand.

The company's equity totalled EUR 15.8 million as at 31 December 2021.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Aleš Zupančič
E-mail: ales.zupancic1@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2010, Petrol d.d., Ljubljana established Petrol-Energetika DOOEL Skopje. The company has a valid electricity trading licence. The company has a valid license to operate in the electricity trade. In 2021, the company generated EUR 355.6 thousand in sales revenue. Its net profit for 2021 totalled EUR 1.7 thousand.

The company's equity totalled EUR 111.1 thousand as at 31 December 2020.

PETROL BUCHAREST ROM S.R.L.

General Manager: Aleš Zupančič
E-mail: ales.zupancic1@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2014, Petrol d.d., Ljubljana established the company Petrol Bucharest ROM S.R.L., which is engaged in electricity trading, production, transport and distribution. In 2021, the company generated EUR 64.5 thousand in sales revenue. Its net profit for 2021 totalled EUR 3.3 thousand.

The company's equity totalled EUR –84.8 thousand as at 31 December 2021.

VJETROELEKTRANA LJUBAČ D.O.O.

General Managers: Borut Bizjak (since 22 February 2021), Boris Antolovič, Slaven Tudić
E-mail: borut.bizjak@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In January 2018, Petrol d.d., Ljubljana acquired a 50 percent interest in the Šibenik-based company Vjetroelektrana Ljubač d.o.o. In 2019, Petrol d.d., Ljubljana acquired a 100 percent interest in this company. The company is engaged in electricity production. In 2021, it generated sales revenues in the amount of EUR 1.7 million and net profit in the amount of EUR 0.5 million.

The company's equity totalled EUR 7.9 million as at 31 December 2021.

ATET D.O.O.

General Managers: Matevž Kustec, Tadej Smogavec
E-mail: matevz.kustec@atet.si
Ownership interest of Petrol d.d., Ljubljana: 72.96% (76% of voting rights)

In December 2019, Petrol d.d., Ljubljana, became the owner of a 72.96 percent interest in the company Atet d.o.o. The company's principal activity is the rental and leasing of cars and light motor vehicles (the short-term rental of vehicles, transport activities with a driver, and ancillary mobility services). In 2021, the group generated EUR 2.2 million in sales revenue. Its net profit for 2021 totalled EUR 288.8 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 210.7 thousand.

The company's equity totalled EUR 2.2 million as at 31 December 2021.

STH ENERGY D.O.O. KRALJEVO

General Manager: Aleš Weiss
E-mail: ales.weiss@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 80%

In December 2019, Petrol d.d., Ljubljana acquired an 80 percent interest in the company STH Energy d.o.o. Kraljevo. The company's principal activity is to produce electricity. The company started trial operation in December 2021, and regular operation is scheduled for February 2022.

The company's equity totalled EUR 515.5 thousand as at 31 December 2021.

PETROL-OTI-TERMINAL L.L.C.
General Manager: Anton Figek
E-mail: anton.figek@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2020, Petrol d.d., Ljubljana completed a transaction selling its share in the company Petrol OTI Slovenija L.L.C. to another company member, thus leaving the ownership structure of the company. Petrol d.d., Ljubljana, bought a 100 percent interest in Petrol-OTI-Terminal L.L.C. from Petrol Oti Slovenija L.L.C.

The company's equity totalled EUR 8.6 million as at 31 December 2021.

JOINTLY CONTROLLED ENTITIES

GEOENERGO D.O.O.
General Managers: Andrej Bergant (from 5 August 2021), Verena Zidar (from 2 April 2021), Borut Bizjak (until 28 February 2021)
E-mail: andrej.bergant@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. Its net profit for 2021 totalled EUR 626.7 thousand. The net profit for 2021, which belongs to the Petrol Group, totalled EUR 313.3 thousand.

The company's equity totalled EUR 923.5 thousand as at 31 December 2021.

SOENERGETIKA D.O.O.
General Manager: Aleš Ažman
E-mail: ales.azman@elektro-gorenjska.si
Ownership interest of Petrol d.d., Ljubljana: 25%

The company’s principal activity is the production of electricity in thermal power plants and nuclear power plants. Its net profit for 2021 totalled EUR 457.9 thousand. The net profit for 2021, which belongs to the Petrol Group, totalled EUR 114.5 thousand.

The company's equity totalled EUR 1.6 million as at 31 December 2021.

ASSOCIATES

AQUASYSTEMS D.O.O.
Ownership interest of Petrol d.d., Ljubljana: 26%
Activities: Construction and operation of industrial and municipal water treatment plants – the central waste treatment plant in Maribor

PLINHOLD D.O.O.
Ownership interest of Petrol d.d., Ljubljana: 29.6985%
Activities: Management of gas infrastructure

KNEŠCA D.O.O.
Ownership interest of E 3, d.o.o.: 47.27%
Activities: Production of electricity

FINANCIA
REPORT

All Petrol employees live by our values, every day and in everything we do. And it's all reflected in the numbers revealed in the next chapter.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ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA 2021 – Financial Report

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Company's management is responsible for the preparation of the financial statements, together with accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2021, which give, to the best of its knowledge and belief, a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the Company and any other companies included in the consolidated financial statements are exposed to as a whole.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the financial statements give a true and fair view of the Group's and the Company's financial position and the results of their operations in the year 2021.

The management is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

The Company's management accepts and approves the financial statements, together with accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2021.

The tax authorities may inspect the Company's operations at any time within the period of five years following the year in which the tax was due. This may result in additional tax liabilities, interest on late payment and penalties arising from the corporate income tax and other taxes and duties. The Company's management is not aware of any circumstances, which may give rise to any material liabilities in this regard.

Nada Drobne Popović President of the Management Board	**Matija Bitenc** Member of the Management Board	**Jože Bajuk** Member of the Management Board	**Jože Smolič** Member of the Management Board	**Zoran Gračner** Member of the Management Board, Worker Director

Petrol d.d., Ljubljana, Dunajska cesta 50, 1527 Ljubljana, Slovenia

Ljubljana, 10 March 2022

Building a better working world

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Petrol d.d., Ljubljana

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Petrol d.d. ("the Company"), and the consolidated financial statements of company Petrol d.d. and its subsidiaries (altogether "the Group"), which comprise the separate and consolidated statement of financial position as at December 31 2021, the separate and the consolidated income statement, the separate and the consolidated statement of other comprehensive income, the separate and the consolidated statement of changes in equity and the separate and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and the consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and the consolidated financial statements.

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Business combination and net assets recognition at fair value in the consolidated financial statements

The Group acquired a controlling interest in two Companies in 2021 in the total amount of EUR 206.7 million as disclosed in the Note 6.1 - Business combinations. In addition, for the purpose of preparing Financial Statements for 2021, for one significant acquisition in 2021 the provisional purchase price allocation was implemented in 2021 and for another acquisition in 2021 final purchase price allocation.

The acquisition accounting for these transactions comprises significant judgement of the management in relation to determining the date when the group obtained the control as well as the judgment for purchase price allocation, mainly in relation to the valuation of the fair value of net assets acquired and the remaining goodwill balance. There is a risk that the assumptions used in the purchase price allocation calculation are inappropriate, and hence the valuation of acquired assets and liabilities could be incorrect. We therefore determined Business combinations and accounting for acquisition to be a key audit matter.

We gained an understanding of the transactions and their rationale through discussions with management and reading of the Share Purchase Agreements. We assessed if the conditions set in the Share Purchase Agreement to obtain the control by the Group had been met before 31 December 2021. We engaged valuation specialists to assist us in reviewing the methodology and assumptions employed in the valuation of acquired net assets, including determining whether the assumptions used for the purpose of valuing acquired intangible assets were consistent with what a market participant would use. We obtained the underlying cash flow forecasts and evaluated the assumptions used to assess the reasonableness of the forecasts.

We also assessed the appropriateness of the disclosures made in Note 6.1 – *Business combinations* of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Provisions for onerous contracts for the leasing of transmission and storage capacities in the consolidated financial statements

As at 31 December 2021, provisions for onerous contracts for the leasing of transmission and storage capacities in the consolidated financial statements amount to EUR 10.8 million, as disclosed in Note 6.34 – *Other provisions*. Provisions for onerous contracts relate to the long-term contracts for the leasing of transmission and storage capacities. New EU rules governing the single European natural gas market have led to an expansion of short-term trading at gas hubs and made it possible to contract transport capacities on monthly and daily basis. Consequently, a different kind of sales products appeared in the market, concerning both s natural gas sales and the leasing of transmission and storage capacities. The Group was compelled to provide similar products to local customers. Because the costs of meeting contractual obligations will exceed the expected economic benefits of the contracts, negative differences will arise. As a result, the Group formed provisions for onerous contracts relating to the leasing of natural gas transmission and storage capacities. The amount was determined based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities and by taking into account the utilization of transmission capacities. The provisions for long-term contracts for the leasing of transmission and storage capacities were formed for the duration of these contracts.

Determination of the provisions for onerous contracts involved management's judgement and estimates related to the assessment of economic benefits in comparison with the non-avoidable cost of services under the long-term contracts. In determining economic benefits from probable utilization of transmission and storage capacities, management used estimates like quantities, expected selling prices and discount rates. Given the magnitude of the provisions for onerous contracts and involved estimates, we determined this to be a key audit matter.

We evaluated the identification and completeness of onerous contracts through discussions with management and examination of management board minutes. We obtained from the management the contracts involved, i.e. contracts for gas storage with two parties and contracts for the leasing of transmission with one party and reviewed the duration of these contracts.

We tested the valuation of the onerous contract provisions by evaluating whether appropriate judgements and assumptions had been applied in determining the unavoidable costs of meeting the obligation and the estimate of the expected benefits to be received under the contract. We evaluated the appropriateness of assumptions used by the management, such as estimated quantities and estimated selling prices as well as discount rate used.

We assessed the adequacy of the disclosures included in Note 6.34 – *Other provisions* of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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Impairment of goodwill in the separate and the consolidated financial statements

As at 31 December 2021, goodwill amounts to EUR 85.3 million in the separate financial statements and EUR 253.6 million in the consolidated financial statements, which represents 4,5% and 10,6% of the total assets, respectively. Management's impairment tests are significant to our audit because the assessment process is complex and requires significant management judgment, involves significant estimates and also because of possible impact from Covid-19 conditions. Management used assumptions in respect of future market and economic conditions such as sales, operating expenses and EBITDA as well as discount rates and terminal growth rates. Given the inherent subjectivity in the valuation, we determined this to be a significant item for our audit.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, cash generating units' determination, discount rates and other inputs used by the Company and the Group, including the consideration of the impact of Covid-19 on projected cash flows used in the calculation. We included in our team a valuation expert to assist us with our assessment of the discount rates and the appropriateness of the models used. For the impairment tests performed by the external valuer, we considered the independence and capabilities of the external valuer and assessed the valuation reports and executed valuations. We also considered sensitivities such as the impact on the results of the impairment test if EBITDA margin would be decreased, or the discount rates and terminal growth rates would be changed.

We assessed the adequacy of the disclosures on the impairment tests of goodwill performed included in Note 6.15 – *Intangible assets* of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Impairment of investment in subsidiaries in the separate financial statements

Equity investments in subsidiaries amount to EUR 554 million as at 31 December 2021 which represents 29.2% of total assets as at 31 December 2021 in the separate financial statements. Management's impairment tests are prepared based on the discounted future cash flows and are significant to our audit because the assessment process is complex and requires significant management judgment, involves significant estimates, and also because of possible impact of Covid-19. Given the inherent subjectivity in the valuation, we determined this to be a significant item for our audit.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, discount rates and other inputs used by the Company, including the consideration of the impact of Covid-19 on projected cash flows used in the calculation. We included in our team a valuation expert to assist us with our assessment of the discount rates and the appropriateness of the models used. Furthermore, we considered sensitivities such as the impact on the impairment tests if EBITDA margin and operating profit would be decreased, or the discount rates and terminal growth rates would be changed.

We assessed the adequacy of the Company's disclosures on the impairment test performed, included in Note 6.19 – *Investments in subsidiaries* of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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Accounting treatment of commodity trading in accordance with IFRS 9 in the separate and the consolidated financial statements

The Company and the Group is entering into commodity contracts on different market and platforms mainly in Europe. The distinction between the contract in scope of IFRS 9 - *Financial Instruments: Recognition and Measurement*, which are treated as derivatives at fair value, and »own use« contracts, which are not measured at fair value, might be subject to a judgement and classification patterns set by the Company and the Group. This classification depends among other factors on the terms of the contract, whether the contract is considered to have been entered into as part of ordinary business activity, whether contract requires physical delivery of the commodity, and depends on various assumptions, such as expected amount of commodity to be delivered and prices of commodities. Because the classification of commodity contracts and valuation of outstanding positions involves significant judgment and estimates, we concluded this to be a key audit matter.

We tested the design and operating effectives of internal controls over the initial recognition of the contracts, consistency of the commodity contracts designation and the Company's and the Group's ability to deliver the physical commodity over the contractual period. We performed audit procedures focusing on the analysis and comparison of volume of commodities physically delivered during 2021 and valuation testing for outstanding positions as of 31 December 2021. We also assessed whether the Company's and the Group's disclosure in relation to the commodity contracts classification, as disclosed in Note 4.d7) and 3.c7) - *Significant accounting policies/Commodity forward contracts* is compliant with International Financial Reporting Standards as adopted by the European Union.

Other information

Other information comprises the information included in the Annual Report other than the separate and the consolidated financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management, audit committee and the supervisory board for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee and the supervisory board are responsible for overseeing the Company's and the Group's financial reporting process. The supervisory board is responsible to approve the annual report.

Auditor's responsibilities for the audit of the separate and the consolidated financial statements

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

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the supervisory board, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER REQUIREMENTS ON CONTENT OF AUDITOR'S REPORT IN COMPLIANCE WITH REGULATION (EU) No. 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Appointment and Approval of Auditor

We were appointed as auditors of the Company and the Group at the general meeting of shareholders on 18 April 2019, the president of the supervisory board has signed the audit agreement on 3 July 2019. The agreement was signed for the period of three years. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 8 years. Janez Uranič and Mateja Repušič are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o..

Consistence with Additional Report to Audit Committee

Our audit opinion on the separate and the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on the same date as the issue date of this report.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and its controlled undertakings and we remain independent from the Company and its controlled undertakings/the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company and its controlled undertakings.

AUDITOR'S REPORT ON THE COMPLIANCE OF FINANCIAL STATEMENTS IN ELECTRONIC FORMAT WITH THE REQUIREMENTS OF DELEGATED REGULATION NO. 2019/815 ON A SINGLE ELECTRONIC REPORTING FORMAT

We have conducted a reasonable assurance engagement whether the audited the separate and the consolidated financial statements of the Company and the Group for the financial year ended 31 December 2021 which are included in annual report (hereinafter: the audited separate and the consolidated financial statements), are prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 as well as adjusted Commission Delegated Regulation (EU) 2020/815 of 11 November 2020 supplementing Directive 2004/109 / EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format applicable for 2021 (hereinafter referred to as the "Delegated Regulation").

Responsibility of the management and those responsible for governance

Management is responsible for the preparation and accurate presentation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation, and for such internal control as the management determines is necessary to enable the preparation of the audited separate and consolidated financial statements in electronic format that are free from material misstatement, whether due to fraud or error.

The audit committee and the supervisory board are responsible for overseeing the preparation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation.

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Auditor's Responsibility

Our responsibility is to perform a reasonable assurance engagement and to express a conclusion on whether the audited consolidated financial statements have been prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the revised International Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for reaching the conclusion.

We have acted in accordance with the independence and ethical requirements of the Regulation EU no. 537/2014, and the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including International Independence Standards) (IESBA Code), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standards on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of applicable law and regulation.

Summary of Work Performed

Within the scope of work, we have performed primarily the following procedures:

- identified and assessed the risk of material non-compliance of the audited separate and the separate consolidated financial statements with the requirements of the Delegated Regulation due to fraud or error;
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- assessed whether the audited separate and the consolidated financial statements meet the requirements of the Delegated Regulation applicable at the reporting date;
- obtained reasonable assurance that the audited separate and the consolidated financial statements, which are included in the annual report of the issuer are accurately presented in electronic XHTML format;
- obtained reasonable assurance that the values and disclosures in the XHTML format of the audited consolidated financial statements are marked-up correctly using the Inline XBRL technology (iXBRL), and that machine reading of these documents ensures complete and true information contained in the audited consolidated financial statements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, in our opinion the audited separate and the consolidated financial statements of the Group for the financial year ended 31 December 2021, which are included in the annual report, have been prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

Ljubljana, 17 March 2022

Janez Uranič

Director, Certified auditor

Ernst & Young d.o.o.

Dunajska cesta 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Mateja Repušič

Certified auditor

FINANCIAL STATEMENTS OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		2021	2020	2021	2020
Sales revenue	**6.3**	**4,960,125,965**	**3,079,432,607**	**3,557,019,790**	**2,338,624,128**
Cost of goods sold		**(4,416,701,515)**	**(2,652,558,643)**	**(3,196,529,739)**	**(2,058,105,400)**
Costs of materials	6.4	(29,296,024)	(27,934,256)	(23,818,764)	(23,786,116)
Costs of services	6.5	(147,697,919)	(133,344,297)	(114,204,989)	(110,403,782)
Labour costs	6.6	(114,341,509)	(102,856,574)	(78,318,991)	(74,674,139)
Depreciation and amortisation	6.7	(79,091,758)	(74,994,167)	(46,696,671)	(47,201,227)
Other costs	6.8	(54,698,358)	(26,938,726)	(35,663,349)	(16,692,191)
Operating costs		**(425,125,568)**	**(366,068,020)**	**(298,702,764)**	**(272,757,455)**
Other income	6.3	277,348,633	105,786,186	274,789,421	103,907,580
Other expenses	6.9	(236,604,627)	(74,961,521)	(236,292,875)	(76,308,909)
Operating profit or loss		**159,042,888**	**91,630,609**	**100,283,833**	**35,359,944**
Share of profit or loss of equity accounted investees	**6.10**	**2,583,771**	**3,508,790**	**-**	**-**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	**6.10**	**-**	**-**	**3,287,054**	**3,600,678**
Other finance income	6.11	32,172,838	26,906,375	23,508,629	22,700,432
Other finance expenses	6.11	(42,351,470)	(36,580,690)	(43,682,173)	(29,991,565)
Net finance expense		**(10,178,632)**	**(9,674,315)**	**(20,173,544)**	**(7,291,133)**
Profit before tax		**151,448,027**	**85,465,084**	**83,397,343**	**31,669,489**
Tax expense	6.12	(30,683,697)	(14,373,778)	(18,781,868)	(2,843,435)
Deferred tax	6.12	3,717,031	1,238,736	1,867,467	67,462
Corporate income tax		**(26,966,666)**	**(13,135,042)**	**(16,914,401)**	**(2,775,973)**
Net profit for the year		**124,481,361**	**72,330,042**	**66,482,942**	**28,893,516**
Net profit for the year attributable to:					
Owners of the controlling company		119,079,575	68,951,312	66,482,942	28,893,516
Non-controlling interest		5,401,786	3,378,730	-	-
Basic and diluted earnings per share	6.13	60.56	35.19	32.25	14.02

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)	Note	The Petrol Group		Petrol d.d.	
		2021	2020	2021	2020
Net profit for the year		**124,481,361**	**72,330,042**	**66,482,942**	**28,893,516**
Effective portion of changes in the fair value of cash flow variability hedging	6.14	4,109,730	(128,073)	3,283,988	124,723
Change in deferred taxes		(772,591)	21,805	(623,957)	(23,698)
Change in the fair value of financial assets through other comprehensive income		(61,866)	-	-	-
Change in deferred taxes		11,756	-	-	-
Foreign exchange differences		496,086	(3,102,776)	-	-
Other comprehensive income to be recognised in the statement of profit or loss in the future		**3,783,115**	**(3,209,044)**	**2,660,031**	**101,025**
Attribution of changes in the equity of subsidiaries		-	-	-	-
Change in deferred taxes		-	-	-	-
Attribution of changes in the equity of associates		-	-	-	-
Change in deferred taxes		-	-	-	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future		**3,783,115**	**(3,209,044)**	**2,660,031**	**101,025**
Unrealised actuarial gains and losses		(5,406)	141,101	12,995	306,530
Other comprehensive income not to be recognised in the statement of profit or loss in the future		**(5,406)**	**141,101**	**12,995**	**306,530**
Attribution of changes in the equity of subsidiaries		-	-	-	-
Attribution of changes in the equity of associates		-	-	-	-
Total other comprehensive income not to be recognised in the statement of profit or loss in the future		**(5,406)**	**141,101**	**12,995**	**306,530**
Total other comprehensive income after tax		3,777,709	(3,067,943)	2,673,026	407,555
Total comprehensive income for the year		**128,259,070**	**69,262,099**	**69,155,968**	**29,301,071**
Total comprehensive income attributable to:					
Owners of the controlling company		122,872,937	65,854,194	69,155,968	29,301,071
Non-controlling interest		5,386,133	3,407,905	-	-

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 December 2021	31 December 2020 Adjusted	31 December 2021	31 December 2020
ASSETS					
Non-current (long-term) assets					
Intangible assets	6.15	345,329,895	194,646,631	155,524,818	161,533,797
Right-of-use assets	6.16	102,621,512	62,401,606	27,874,823	30,716,648
Property, plant and equipment	6.17	767,704,711	710,207,621	366,262,157	379,425,104
Investment property	6.18	16,139,743	17,522,012	12,335,994	13,551,882
Investments in subsidiaries	6.19	-	-	553,970,331	351,013,627
Investments in jointly controlled entities	6.20	704,501	562,016	210,000	233,000
Investments in associates	6.21	55,169,626	55,953,391	26,610,477	29,185,477
Financial assets at fair value through other comprehensive income	6.22	4,133,044	4,528,987	2,117,914	2,117,914
Financial receivables	6.23	991,831	2,680,471	83,299,185	58,124,422
Operating receivables	6.24	8,228,771	10,565,315	8,219,107	10,542,414
Deferred tax assets	6.12	11,379,674	9,906,032	8,155,514	6,912,005
		1,312,403,308	**1,068,974,082**	**1,244,580,320**	**1,043,356,290**
Current assets					
Inventories	6.25	178,191,288	140,154,195	96,573,239	87,530,630
Contract assets	6.28	3,338,893	1,949,652	7,604,649	3,276,761
Financial receivables	6.26	16,168,692	32,634,090	16,181,049	22,247,726
Operating receivables	6.27	650,343,180	366,441,439	385,829,891	237,718,876
Corporate income tax assets	6.12	616,729	3,426,549	-	6,317,590
Financial assets at fair value through profit or loss	6.29	34,666,891	11,107,888	34,561,544	11,053,141
Financial assets at fair value through other comprehensive income	6.22	1,776,801	209,094	1,100,446	209,094
Prepayments and other assets	6.30	85,718,759	78,506,510	50,728,784	27,371,876
Cash and cash equivalents	6.31	100,226,890	88,674,952	57,567,397	44,670,525
		1,071,048,123	**723,104,369**	**650,146,999**	**440,396,219**
Total assets		**2,383,451,431**	**1,792,078,451**	**1,894,727,319**	**1,483,752,509**

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 December 2021	31 December 2020 Adjusted	31 December 2021	31 December 2020
EQUITY AND LIABILITIES					
Equity attributable to owners of the controlling company					
Called-up capital		52,240,977	52,240,977	52,240,977	52,240,977
Capital surplus		80,991,385	80,991,385	80,991,385	80,991,385
Legal reserves		61,987,955	61,987,955	61,749,884	61,749,884
Reserves for own shares		4,708,359	4,708,359	4,708,359	4,708,359
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)
Other revenue reserves		318,523,082	316,057,569	340,914,615	338,449,102
Fair value reserve		(789,611)	(753,447)	39,809,449	39,796,454
Hedging reserve		(858,584)	(4,195,723)	(1,136,850)	(3,796,881)
Foreign exchange differences		(8,634,420)	(9,126,807)	-	-
Retained earnings		362,184,854	290,793,508	33,241,471	14,446,758
		865,645,638	**787,995,417**	**609,914,620**	**585,981,368**
Non-controlling interest		**43,052,367**	**38,674,020**	**-**	**-**
Total equity	6.32	**908,698,005**	**826,669,437**	**609,914,620**	**585,981,368**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	6.33	9,516,091	9,438,977	7,969,809	8,293,721
Other provisions	6.34	34,323,479	31,347,421	17,606,490	14,763,837
Long-term deferred revenue	6.35	34,447,444	33,412,476	29,459,071	28,419,773
Financial liabilities	6.36	433,812,995	303,431,060	404,555,761	282,866,603
Lease liabilities	6.37	92,991,633	54,397,111	26,735,533	27,608,922
Operating liabilities	6.38	5,661,782	727,182	5,661,782	727,182
Deferred tax liabilities	6.12	1,583,658	3,985,700	-	-
		612,337,082	**436,739,927**	**491,988,446**	**362,680,038**
Current liabilities					
Financial liabilities	6.36	65,958,447	48,766,555	272,485,762	160,688,732
Lease liabilities	6.37	13,768,130	10,069,352	2,717,596	4,259,323
Operating liabilities	6.39	690,456,613	437,216,148	442,507,932	348,832,832
Corporate income tax liabilities	6.12	18,786,511	1,966,916	16,353,199	-
Contract liabilities	6.40	14,828,344	14,927,846	7,905,838	8,830,761
Other liabilities	6.41	58,618,299	15,722,270	50,853,926	12,479,455
		862,416,344	**528,669,087**	**792,824,253**	**535,091,103**
Total liabilities		**1,474,753,426**	**965,409,014**	**1,284,812,699**	**897,771,141**
Total equity and liabilities		**2,383,451,431**	**1,792,078,451**	**1,894,727,319**	**1,483,752,509**

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		
			Legal reserves	Reserves for own shares	Own shares
As at 1 January 2020	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**
Dividend payments for 2019					
Transfer of a portion of 2019 and 2020 net profit					
Increase/(decrease) in non-controlling interest					
Transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the current year					
Other changes in other comprehensive income					
Total changes in total comprehensive income	**-**	**-**	**-**	**-**	**-**
As at 31 December 2020	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**
As at 1 January 2021	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**
Dividend payments for 2020					
Transfer of a portion of 2021 net profit					
Increase/(decrease) in non-controlling interest					
Transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the current year					
Other changes in other comprehensive income					
Total changes in total comprehensive income	**-**	**-**	**-**	**-**	**-**
As at 31 December 2021	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**

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

Other revenue reserves	Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
314,675,779	**(894,548)**	**(4,089,455)**	**(5,994,856)**	**271,904,940**	**770,822,177**	**40,430,080**	**811,252,257**
(15,098,102)				(30,124,614)	**(45,222,716)**		**(45,222,716)**
19,938,130				(19,938,130)	**-**		**-**
(3,458,238)					**(3,458,238)**	(5,163,965)	**(8,622,203)**
1,381,790	**-**	**-**	**-**	**(50,062,744)**	**(48,680,954)**	**(5,163,965)**	**(53,844,919)**
				68,951,312	**68,951,312**	3,378,730	**72,330,042**
	141,101	(106,268)	(3,131,951)		**(3,097,118)**	29,175	**(3,067,943)**
-	**141,101**	**(106,268)**	**(3,131,951)**	**68,951,312**	**65,854,194**	**3,407,905**	**69,262,099**
316,057,569	**(753,447)**	**(4,195,723)**	**(9,126,807)**	**290,793,508**	**787,995,417**	**38,674,020**	**826,669,437**
316,057,569	**(753,447)**	**(4,195,723)**	**(9,126,807)**	**290,793,508**	**787,995,417**	**38,674,020**	**826,669,437**
(30,775,958)				(14,446,758)	**(45,222,716)**		**(45,222,716)**
33,241,471				(33,241,471)	**-**		**-**
					-	(1,007,786)	**(1,007,786)**
2,465,513	**-**	**-**	**-**	**(47,688,229)**	**(45,222,716)**	**(1,007,786)**	**(46,230,502)**
				119,079,575	**119,079,575**	5,401,786	**124,481,361**
	(36,164)	3,337,139	492,387		**3,793,362**	(15,653)	**3,777,709**
-	**(36,164)**	**3,337,139**	**492,387**	**119,079,575**	**122,872,937**	**5,386,133**	**128,259,070**
318,523,082	**(789,611)**	**(858,584)**	**(8,634,420)**	**362,184,854**	**865,645,638**	**43,052,367**	**908,698,005**

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

(in EUR)	Called-up capital	Capital surplus	Revenue reserves	
			Legal reserves	Reserves for own shares
As at 1 January 2020	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Dividend payments for 2019				
Transfer of a portion of 2020 net profit				
Transactions with owners	**-**	**-**	**-**	**-**
Net profit for the current year				
Other changes in other comprehensive income				
Total changes in total comprehensive income	**-**	**-**	**-**	**-**
As at 31 December 2020	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
As at 1 January 2021	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Dividend payments for 2020				
Transfer of a portion of 2021 net profit				
Transactions with owners	**-**	**-**	**-**	**-**
Net profit for the current year				
Other changes in other comprehensive income				
Total changes in total comprehensive income	**-**	**-**	**-**	**-**
As at 31 December 2021	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Accumulated profit for 2021				

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

Revenue reserves					
Own shares	Other revenue reserves	Fair value reserve	Hedging reserve	Retained earnings	Total
(2,604,670)	**339,100,447**	**39,489,924**	**(3,897,907)**	**30,124,614**	**601,903,014**
	(15,098,102)			(30,124,614)	**(45,222,716)**
	14,446,758			(14,446,758)	**-**
-	**(651,344)**	**-**	**-**	**(44,571,372)**	**(45,222,716)**
				28,893,516	**28,893,516**
		306,530	101,025		**407,555**
-	**-**	**306,530**	**101,025**	**28,893,516**	**29,301,071**
(2,604,670)	**338,449,102**	**39,796,454**	**(3,796,881)**	**14,446,758**	**585,981,368**
(2,604,670)	**338,449,102**	**39,796,454**	**(3,796,881)**	**14,446,758**	**585,981,368**
	(30,775,958)			(14,446,758)	**(45,222,716)**
	33,241,471			(33,241,471)	**-**
-	**2,465,513**	**-**	**-**	**(47,688,229)**	**(45,222,716)**
				66,482,942	**66,482,942**
		12,995	2,660,031		**2,673,026**
-	**-**	**12,995**	**2,660,031**	**66,482,942**	**69,155,968**
(2,604,670)	**340,914,615**	**39,809,449**	**(1,136,850)**	**33,241,471**	**609,914,620**
	28,606,469			**33,241,471**	**61,847,940**

Statement of cash flows of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		2021	2020 Adjusted	2021	2020
Cash flows from operating activities					
Net profit		**124,481,361**	**72,330,042**	**66,482,942**	**28,893,516**
Adjustment for:					
Corporate income tax	6.12	26,966,666	13,135,042	16,914,401	2,775,973
Depreciation of property, plant and equipment, investment property and right-of-use assets	6.7	65,861,834	63,059,359	37,020,227	38,558,286
Amortisation of intangible assets	6.7	13,229,924	11,934,808	9,676,444	8,642,941
(Gain)/loss on disposal of property, plant and equipment	6.3, 6.8	627,202	582,616	653,815	730,389
Impairment, write-down/(reversed impairment) of assets	6.8	14,259,583	16,207,510	2,705,061	4,383,807
Revenue from assets under management	6.36	(65,414)	(65,414)	(65,414)	(65,414)
Net (decrease in)/creation of provisions for long-term employee benefits	6.33	(306,149)	823,869	(310,918)	575,192
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.34, 6.35	3,356,189	13,942,671	3,881,951	13,417,957
Net goods surpluses	6.8	(2,696,235)	520,368	(1,476,726)	206,820
Net (decrease in)/creation of allowance for receivables	6.11	7,571,039	1,703,513	2,660,018	(1,097,308)
Net finance (income)/expense	6.11	(657,814)	4,392,056	7,431,554	3,982,897
Impairment of investments and of goodwill	6.11	873,366	3,641,563	11,193,296	4,584,965
Share of profit of jointly controlled entities	6.10	(300,040)	(124,978)	-	-
Share of profit of associates	6.10	(2,283,731)	(3,383,812)	-	-
Finance income from dividends received from subsidiaries	6.10	-	-	(1,823,324)	(2,099,062)
Finance income from dividends received from jointly controlled entities	6.10	-	-	(135,495)	(172,935)
Finance income from dividends received from associates	6.10	-	-	(1,328,236)	(1,328,680)
Cash flow from operating activities before changes in working capital		**250,917,781**	**198,699,213**	**153,479,596**	**101,989,344**
Net (decrease in)/creation of other liabilities	6.41	36,963,249	(466,635)	38,374,470	1,505,407
Net decrease in/(creation) of other assets	6.30	(18,616,569)	184,008	(13,287,076)	(812,780)
Change in inventories	6.25	(20,869,739)	27,191,931	(7,441,204)	40,692,344
Change in operating and other receivables and contract assets	6.27, 6.28	(209,709,855)	101,121,650	(182,227,918)	72,559,436
Change in operating and other liabilities and contract liabilities	6.39, 6.40	138,301,308	(110,027,363)	80,276,004	(89,066,535)
Cash generated from operating activities		**176,986,175**	**216,702,804**	**69,173,872**	**126,867,216**
Interest paid	6.11	(9,750,418)	(8,477,858)	(7,157,264)	(7,033,413)
Taxes paid	6.12	(12,585,658)	(15,866,256)	3,921,348	(6,759,102)
Net cash from (used in) operating activities		**154,650,099**	**192,358,690**	**65,937,956**	**113,074,701**

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		2021	2020 Adjusted	2021	2020
Cash flows from investing activities					
Payments for investments in subsidiaries	6.19	(196,650,000)	(12,741,490)	(204,150,000)	(13,208,987)
Receipts from investments in subsidiaries	6.19	-	116,875	-	-
Receipts from investments in associates	6.21	2,575,000	753,977	2,575,000	753,977
Receipts from intangible assets	6.15	412,459	203,276	407,294	203,229
Payments for intangible assets	6.15	(7,276,610)	(10,596,165)	(4,074,759)	(8,523,416)
Receipts from property, plant and equipment	6.17	5,385,276	4,375,850	687,619	1,818,714
Payments for property, plant and equipment	6.17	(57,030,318)	(79,630,464)	(28,496,285)	(41,221,462)
Receipts from investment property	6.18	-	241,532	-	241,530
Receipts from financial assets at fair value through other chomprehensive income	6.22	-	419,612	-	419,612
Receipts from loans granted	6.23, 6.26	91,219,887	14,044,121	159,534,710	53,759,636
Payments for loans granted	6.23, 6.26	(39,367)	(40,334,584)	(178,542,919)	(96,208,419)
Interest received	6.11	17,028,503	3,504,458	2,529,225	2,915,144
Dividends received from subsidiaries	6.10	-	-	1,823,324	2,099,062
Dividends received from jointly controlled entities	6.10	135,495	172,934	135,495	172,934
Dividends received from associates	6.10	1,403,355	1,328,681	1,328,236	1,328,681
Dividends received from others	6.10	177,148	139,321	67,148	29,321
Net cash from (used in) investing activities		**(142,659,172)**	**(118,002,066)**	**(246,175,912)**	**(95,420,444)**
Cash flows from financing activities					
Payments for right-of-use assets	6.37	(12,056,039)	(8,997,712)	(3,566,349)	(3,194,615)
Proceeds from borrowings	6.36	926,931,269	835,261,103	1,327,414,213	1,090,169,633
Repayment of borrowings	6.36	(880,837,557)	(808,314,348)	(1,085,490,135)	(1,032,414,899)
Dividends paid to shareholders	6.32	(45,222,901)	(45,223,953)	(45,222,901)	(45,223,953)
Net cash from (used in) financing activities		**(11,185,228)**	**(27,274,910)**	**193,134,828**	**9,336,166**
Increase/(decrease) in cash and cash equivalents		805,699	47,081,714	12,896,872	26,990,423
Changes in cash and cash equivalents					
At the beginning of the year		**88,674,952**	**41,730,269**	**44,670,525**	**17,680,102**
Foreign exchange differences		62,968	(138,742)	-	-
Cash acquired through acquisition of companies		10,683,271	1,711	-	-
Increase/(decrease)		805,699	47,081,714	12,896,872	26,990,423
At the end of the year		**100,226,890**	**88,674,952**	**57,567,397**	**44,670,525**

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

1. Reporting entity

Petrol d.d., Ljubljana (hereinafter the "Company") is a company domiciled in Slovenia. Its registered office is at Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the year ended 31 December 2021 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2021. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group's interests in associates and jointly controlled entities (together referred to as the "Group"). A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group* of the business report.

2. Basis of preparation

a. Statement of compliance

The Company's management approved the Company's financial statements and the Group's consolidated financial statements on 10 March 2022.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of the IFRS Interpretations Committee, also adopted by the EU, and the Companies Act.

b. Basis of measurement

The Group's and the Company's financial statements have been prepared on the historical cost basis except for the financial instruments that are carried at fair value or amortised cost.

c. Functional and presentation currency

These financial statements are presented in euros (EUR) without cents, the euro also being the Company's functional currency. Due to rounding, some immaterial differences may arise as concerns the sums presented in the tables. The financial statements provide comparative information in respect of the previous period.

d. Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and judgements based on the assumptions used and reviewed that affect the reported amounts of assets, liabilities, revenue and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgement and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

Leases

The Group/Company applied the following accounting judgements that significantly affect the determination of the amount of right-of-use assets and lease liabilities:

- *Identifying a lease*
  A contract is identified as a lease if it gives the Group/Company the right to control a leased asset. The Group/Company controls the asset if it can use the asset and has the right to obtain economic benefits from the use of the asset.
- *Determining the lease term*
  The Group/Company determines the lease term as the non-cancellable period of a lease, together with both:
  a) the period covered by an option to extend the lease, if it is reasonably certain that this option is going to be exercised;
  b) the period covered by an option to terminate the lease, if it is reasonably certain that this option is not going to be exercised.
  In most cases, the lease term is stipulated in the contract. When the term is not specified, the Group/Company estimates the lease term by considering the assessment of the need to use the asset, taking into account its plans and the long-term business direction.
- *Determining the discount rate*
  The discount rate equals the interest rate at which the Group/Company is able to obtain comparable funds with comparable maturity in the market.

Revenue from contracts with customers

The Group/Company applied the following accounting judgements that significantly affect the determination of

the amount and recognition of revenue from contracts with customers:

- *Treatment of excise duty when selling petroleum products*
  The Group/Company accounts for excise duty when purchasing petroleum products, charging it to the end customer when a sale is made. In the financial statements, excise duty is not carried as part of revenue or cost, in conformity with these accounting policies. The Group/Company used to carry excise duty as part of revenue. Following a reassessment exercise in 2019, the duty is no longer considered as part of revenue.
- *Determining the timing of satisfaction of performance obligations*
  Revenue from the sale of goods and services is recognised by the Group/Company in full upon sale, except for instalment sales. As of the sale, the Group/Company no longer has control of the goods or services sold.
  In instalment sales, the Group/Company recognises separately revenue from the sale of goods and finance income deferred over the entire financing period.
- *Sale in the name and for the account of third parties*
  The Group/Company has concluded contracts on the sale of merchandise in the name and on behalf of suppliers. It provides customers goods delivery in the scope of these contracts. The Group/Company determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct their use or obtain any benefits. In addition, the Group/Company is not exposed to inventory risk before or after the goods have been transferred to the customer as it purchases equipment only upon approval of the customer and can return the unsold goods to the supplier.
  The Group/Company has no discretion in establishing the price for the specified goods that it sells in the name and on behalf of third parties. The consideration it receives as an intermediary is agreed in advance as the difference between the final selling price and the cost, where both are negotiated with the supplier in advance.
- *Determining whether the loyalty points provide additional benefits to customers*
  The Group/Company operates a loyalty points programme, which includes all customers who are holders of the Petrol Club card. The Group/Company offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. The Group/Company established that the points represent additional benefits for the customer which would not have existed if the customer had not had the Petrol Club card. As some of the discounts can be used in the following year, the Group/Company defers them to match its revenue with the expenses incurred to generate the revenue.

Allocating assets or part of the assets to investment property

When the Group/Company uses property in part for the performance of own activities and partly to be leased out, and the part intended to be leased out can be sold separately or leased under a finance lease, then the part intended to be leased out is accounted for separately as investment property if its value exceeds 5 percent of the property value.

Business combinations

The Group/Company applied the following accounting judgements that significantly affect the recognition and measurement of effects of business combinations:

- *Defining a business combination*
  The Group/Company defines a business transaction as a business combination by assessing criteria the fulfilment of which proves that assets and liabilities acquired in a business transaction constitute a business, with the Group/Company controlling these assets once the transaction has been completed.
- *Net asset value recognition date*
  In its financial statements, the Group/Company recognises the assets and liabilities acquired in a business combination on the date when controlling influence is exercised over the acquired assets/liabilities.
  Since the completion of a transaction involving a business combination is subject to fulfilment of purchase and sale terms and conditions, the Group/Company assesses their fulfilment and its control over the business and cash flows of the acquired company as at reporting date.
- *Estimating the fair value of net assets*
  The fair value of net asset value is measured as the difference between the fair values of assets and liabilities determined by the Group/Company using valuation techniques and market assumptions.

Estimating the useful lives of depreciable assets (Notes 6.15 and 6.16, 6.17 and 6.18, Policies 3.e, and 3.f and 3.h)

When estimating the lives of assets, the Group/Company takes into account the expected physical wear and tear, the technical and economic obsolescence as well as expected legal restrictions and other restrictions of use. In addition, the Group/Company checks the useful life of significant assets in case circumstances change and the useful life needs to be changed and depreciation charges revalued.

Asset impairment testing

Information on significant uncertainty estimates and critical judgements that were prepared by the management in the process of accounting policy implementation and which affect the amounts in the financial statements the most was used in the estimation of the value of:

- investment property (Note 6.18),
- goodwill (Note 6.15),
- investments in subsidiaries (Note 6.19),
- investments in jointly controlled entities and associates (Notes 6.20 and 6.21),
- financial assets at fair value through other comprehensive income (Note 6.22),
- financial receivables (Note 6.23),
- financial assets and financial liabilities at fair value through profit or loss (Note 6.29).

Parameters/assumptions applied in assessing asset values

The Group/Company assesses the value of its assets by:

- discounting future free cash flows based on future expectations and assumptions as follows:
  i. Future cash flows: reflect expected demand for goods and are based on long-term financial plans approved by the Group's management. Financial plans are prepared by analysing past periods and by taking into account future development scenarios.
  ii. Discount rate: reflects the weighted average cost of capital and is calculated on the value assessment date based on a risk-free interest rate plus margins reflecting the risk of an asset.
  iii. Long-term growth rate: reflects the expected long-term growth of cash flows subsequent to the projection period and is assessed based on a company's past operations and future macroeconomic developments.
- using the market approach, which is based on the values of economic categories of comparable companies as at value assessment date.

Estimation of the fair value of assets (Notes 6.22 and 6.29)

Fair value is used for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and for derivatives. All other items in the financial statements represent the cost or amortised cost.

In measuring the fair value of a non-financial asset, the Group/Company must take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group/Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs.

All assets and liabilities measured and disclosed in the financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:
Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities
Level 2 – valuation techniques that are based directly or indirectly on market data
Level 3 – valuation techniques that are not based on market data.

For assets and liabilities disclosed in the financial statements in previous periods, the Group/Company determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole.

The fair value hierarchy of assets and liabilities of the Group/Company is presented in Note 7.7, whereas the guidelines for individual items in the financial statements are given in Point 3.p.

Estimation of the influence in jointly controlled entities

The Group/Company regularly checks if a change of influence has occurred in jointly controlled entities and associates, thus ensuring that the investments are appropriately treated in the financial statements. The existence of significant influence by an investor is evidenced particularly in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the Group/Company investee;
- participation in policy-making processes, including participation in decisions about dividends;
- material transactions between the investor and the Group/Company investee.

Estimate of provisions for lawsuits (Notes 6.34 and 9)

There are several lawsuits that have been filed against Group companies, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, companies have a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes. When assessing the existence and amount of contingent liabilities, the Group's management relies on expert opinions provided by external lawyers who represent the Company in legal disputes and, where necessary, on opinions provided by international legal experts. Provisions for lawsuits contain a significant degree of uncertainty, and actual settlement can differ considerably from the current estimate.

Estimate of provisions for partial non-compliance in the area of renewables (Note 6.34)

The Group's/Company's other provisions include provisions for partial non-compliance in the area of renewables in transport (Decree on renewable energy sources in transport). The provisions were estimated by considering all relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate as to how likely is the outflow of economic benefits from the Group/Company.

Estimate of provisions for employee post-employment and other long-term benefits (Note 6.33)

Defined post-employment and other benefit obligations include the present value of post-employment benefits on

retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimation and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature. The assumptions are detailed in Note 6.33.

Estimate of provisions for onerous contracts (Notes 6.34 and 6.41)

Provisions for onerous contracts include:

- Provisions for long-term contracts on transport and storage. Provisions are shown as the difference between the contractual and market value of the contract and are recognized based on a calculation adopted by the management. The provisions are based on the assumptions and estimations applicable at the time of the calculation, which primarily relate to determining the discount rate and
- Provisions for the supply of electricity. These are recognized based on the calculation of the estimated economic benefits and costs of services under electricity supply contracts. The projected electricity market prices for the coming year are applied in the calculation.

Assessing the possibility of using deferred tax assets

The Group/Company recognises deferred tax assets in connection with provisions for jubilee benefits and postemployment benefits on retirement, impairment of financial assets, impairment of receivables and tax losses.

On the day the financial statements are completed, the Group/Company verifies the amount of disclosed deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profits will be available against which deferred tax assets can be utilised in the future. Deferred taxes are decreased by the amount for which it is no longer probable that tax breaks associated with the asset can be utilised.

e. Changes in accounting policies

The Group/Company did not change its accounting policies in 2021.

f. Change of financial statement presentation due to an error in Prior Year Statement of Financial Position and Statement of Cash Flows

In 2021, the Group changed the individual item presentation in the Statement of Financial Position and Statement of Cash Flows in order to ensure more relevant presentation.

Upon reconsidering the gas purchase contract of the affiliated company from 2020, it was observed that the goods were not being purchased in line with IFRS 15; therefore, it is appropriate to present the transaction as a short-term loan. Consequently, in Statements of Financial Position as at 31 December 2020, the Group made an adjustment and reduced the value of inventories and increased the value of the financial receivables. The Group made an adjustment also in Statements of Cash Flows.

Impact on the Statement of Financial Position of the Petrol Group

	The Petrol Group		
(in EUR)	31 December 2020 Published	Change of presentation	31 December 2020 Adjusted
ASSETS			
Current assets			
Inventories	169,933,758	(29,779,563)	140,154,195
Financial receivables	2,854,527	29,779,563	32,634,090
Total assets	**1,792,078,451**	**-**	**1,792,078,451**

Impact on the Statement of Cash Flows of the Petrol Group

	The Petrol Group		
(in EUR)	2020 Published	Change of presentation	2020 Adjusted
Change in inventories	(2,587,632)	29,779,563	27,191,931
Cash generated from operating activities	**186,923,241**	**29,779,563**	**216,702,804**
Payments for loans granted	(10,555,021)	(29,779,563)	(40,334,584)
Net cash from (used in) investing activities	**(88,222,503)**	**(29,779,563)**	**(118,002,066)**

3. Significant accounting policies of the Group

The Group and Group companies applied the accounting policies set out below consistently to all periods presented in these financial statements.

Except for the newly adopted standards and interpretations specified below, the accounting policies used herein are the same as in the previous annual report.

Newly adopted standards and interpretation, for the Group and the Company, effective as of 1 January 2021

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)
In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a material impact on the financial statements of the Group/Company.

a. Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the controlling company and of its subsidiaries.

Business combinations
Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. Control is the power to govern financial and operating policies of a company so as to obtain benefits from its activities. In the consolidated financial statements, acquired assets and liabilities are recognised at fair value as at the acquisition date. The excess of the consideration over the net fair value of the acquired assets is presented as goodwill as part of intangible fixed assets.

The Group measures goodwill at the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any pre-existing equity interest in the acquiree (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all measured as at the acquisition date. Subsequent measurement of goodwill is specified in Point e. When the excess is negative, the effect is recognised immediately in profit or loss as negative goodwill.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination are expensed as incurred.

Any contingent liabilities arising from business combinations are recognised at fair value as at the acquisition date. If a contingent liability is classified as equity, then it is not remeasured and settlement is accounted for within equity. Subsequent changes in the fair value of the contingent liability are recognised in profit or loss. A contingent liability which constitutes a financial instrument and is classified as an asset or a liability is measured at fair value, and changes in the fair value are reported in profit or loss.

Accounting for acquisitions of non-controlling interests
The Group accounts for acquisitions of non-controlling interests that do not involve the change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any surpluses or the difference between the costs of additional investments and the carrying amount of assets are recognised in equity.

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when:

- an investor is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee;
- there is a link between power and returns.

The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

The existence of control is determined when an investment is acquired and when financial statements are prepared. On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently, the interest

is accounted for as an investment in an associate (using the equity method) or as a financial asset available for sale, depending on the level of influence retained. Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions (i.e. transactions with owners) in other revenue reserves. If a Group-controlled company is absorbed, the difference between the investment and the net value of acquired assets is recognised in other revenue reserves, taking into account goodwill, if any.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for financial and operating decisions. Investments in associates and jointly controlled entities are initially recognised at cost, but are subsequently accounted for using the equity method. The Group's consolidated financial statements include the Group's share of the profit and loss of equity accounted jointly controlled entities, after adjustments to align the accounting policies, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate or a jointly controlled entity exceeds its interest in such an entity, the carrying amount of the Group's interest is reduced to zero and the recognition of further losses is discontinued.

Transactions eliminated from consolidated financial statements

Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

b. Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

Financial statements of Group companies

The Group's consolidated financial statements are presented in euros. Line items of each Group company that are included in the financial statements are translated, for the purpose of preparing consolidated financial statements, to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented, including goodwill, are translated at the ECB exchange rate at the reporting date;
- revenue and expenses of foreign operations are converted to euros at exchange rates applicable at the transaction date.

Foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange difference is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control, significant influence or joint control is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss or as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial assets

The Group's financial assets include cash and cash equivalents, receivables and loans, and investments. The Group's investments include investments in jointly controlled entities, investments in associates and investments in financial instruments. The accounting policies for investments in jointly controlled entities and associates are presented in Point a.

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, the Group's financial instruments are classified into one the following categories: financial

assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification depends on the selected asset management business model and on whether the Group's contractual cash flows from financial instruments are solely payments of principal and interest on the principal amount outstanding. With the exception of operating receivables that do not have a significant financing component, the Group's financial assets are upon initial recognition measured at fair value plus transaction costs. Operating receivables that do not have a significant financing component are measured at transaction price determined according to the provisions of IFRS 15. See Revenue from contracts with customers, Point m of the accounting policies.

The impairment of financial assets is detailed in Point j1.

c1. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

c2. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss and financial assets to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets that generate cash flows and are not solely payments of principal and interest are classified and measured at fair value through profit or loss irrespective of the business model.

In the statement of financial position, financial assets at fair value through profit or loss are measured at fair value, including net changes therein which are recognised in profit or loss.

This category also includes derivatives and listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as other revenue in the statement of profit or loss when the Group's right of payment has been established.

The Group's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

c3. Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Group under its business model for collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and for sale.

The Group's debt instruments at fair value through other comprehensive income comprise listed bond investments that are recognised under other non-current investments.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange differences and impairment losses or reversals are recognised in the statement of profit or loss and accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

c4. Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 Financial Instruments for which the Group elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the Group's right of payment has been established.

The Group elected to classify irrevocably its non-listed equity investments under this category.

c5. Financial assets at amortised cost

The Group's financial assets at amortised cost include financial assets held under its business model in order to collect contractual cash flows when the cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets at amortised cost include loans, receivables and non-listed debt securities. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or noncurrent financial assets (maturity of more than 12 months from the date of the statement of financial position). Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when reversed, changed or impaired.

c6. Financial liabilities

The Group's financial liabilities include liabilities arising from debt securities issued and loans received. Upon initial recognition, they are classified as financial liabilities at fair value through profit or loss, loans received or operating liabilities. The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Group becomes a party to the contractual provisions of the instrument. Except for the loans received, all financial liabilities are initially recognised at fair value. The loans received are measured at amortised cost using the effective interest rate method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or noncurrent financial liabilities (maturity of more than 12 months from the date of the statement of financial position). Upon the derecognition of a financial liability and amortisation using the effective interest rate method, all gains or losses are recognised in the statement of profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

c7. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Group is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Group has the following derivative financial instruments:

Forward contracts

The Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of outstanding forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as finance income or expenses.

Commodity derivative financial instruments

When petroleum products, natural gas and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity derivatives. The Group uses commodity derivatives for trading, as laid down in its strategy and its electricity trading policy.

The fair value of outstanding commodity derivatives as at the date of the statement of financial position is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in operating profit or loss as other income or expenses.

Interest rate swaps and collars

Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

Commodity forward contracts

Under IFRS 9, commodity forward contracts the purpose of which is not physical purchase or delivery of goods, their fulfilment leading to physical settlement only, are treated as a financial instrument and are recognised and measured in accordance with IFRS 9.

Forward purchase and sale transactions concluded to ensure physical settlement of goods are treated outside the scope of IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure physical delivery of goods, provided that the following conditions are met:

- physical delivery of goods takes place based on the contract,
- the quantities sold or purchased are consistent with the Group's business needs,
- the contract is binding and cannot be considered as optional.

As commodity forward contracts do not meet the above conditions, the Group treats them as financial instruments. In the financial statements, revenue from the sale of goods and the cost of goods sold arising from commodity forward transactions are recognised at fair value. Outstanding commodity forward contracts are restated to fair value at each balance-sheet date, and the effects of their restatement to fair value are recognised in the statement of profit or loss as other operating revenue or expenses.

d. Equity

Called-up capital

The called-up capital of the controlling company Petrol d.d. takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for the preparation of the annual report or by means of a resolution of this body.

Fair value reserve

The fair value reserve comprises the effects of valuing financial assets at fair value through other comprehensive income and actuarial gains and losses related to the provisions for employee post-employment and other long-term benefits.

Hedging reserve

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

e. Intangible assets

Goodwill

The Group's goodwill is the result of business combinations. For the measurement of goodwill upon initial recognition, see Point a.

Goodwill is measured at cost less any accumulated impairment losses. In the case of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, but the impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investment.

Subsequent to initial recognition, the Group checks annually for factors which could adversely affect the future cash flows of a cash-generating unit acquired in a business combination. In the financial statements, a decrease in the value of a cash-generating unit is recognised as the impairment of goodwill or of the assets of a cash-generating unit. It is charged to current profit or loss.

Right to use concession infrastructure

The Group recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Group capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure
Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2021	2020
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	10.00-33.33	10.00-33.33
Contracts with customers	20.00	20.00
Other rights	3.33-20.00	3.33-20.00

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is detailed in Point j2.

f. Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure
Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2021	2020
Buildings:		
Buildings at service stations	2.50-10.00	2.50-10.00
Above-ground and underground reservoirs	2.85-50.00	2.85-50.00
Underground service paths at service stations	5.00-14.30	5.00-14.30
Other buildings	1.43-50.00	1.43-50.00
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00	10.00-25.00
Gas station equipment	3.33-20.00	3.33-20.00
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Motor vehicles	10.00-25.00	10.00-25.00
Freight cars, rail tankers	25.00	25.00
Computer hardware	15.00-25.00	15.00-25.00
Office equipment, furniture	6.70-16.10	6.70-16.10
Small tools:	33.33	33.33
Environmental fixed assets:	4.00-25.00	4.00-25.00

Residual values and useful lives of an asset are reviewed annually and adjusted if necessary.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is detailed in Point j2.

Environmental fixed assets
Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point l.

g. Investment property
Investment property is property held by the Group either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. The impairment of assets is detailed in Point j2.

The Group considers as investment property all property held by the Group that is fully or partially leased out to third parties. The Group's consideration takes into account the intended use of the property and the long-term goals pursued.

The value of the property that is leased out as a whole is recognised as investment property based on separate records. The parts of the property that are leased out and constitute an integral part of the property used for the performance of core activities is recognised as investment property based on the proportion of leased out surface area if exceeding 5 percent of the property value.

h. Leases

The Group holds various items of business property (land, business premises and buildings), equipment and cars under a lease. Lease conditions are subject to negotiation on a case-by-case basis and vary depending on the term and type of a lease. The Group assesses at contract inception whether a contract is, or contains, a lease. That is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term based on the non-cancellable period of a lease, taking into account the period covered by an option to extend the lease and the period covered by an option to terminate the lease. The Group also assesses the probability of the above options.

The term of a lease depends on the type of the leased asset and range:

- from 5 to 30 years for land,
- from 5 to 20 years for business premises and buildings,
- from 1 to 10 years for equipment,
- from 3 to 6 years for cars.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. With regard to the leases of low-value assets and short-term leases, the Group records lease payments as an expense for the period to which a lease relates.

For all other leases, the Group has recognised lease liabilities and right-of-use assets.

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initially, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation rates of right-of-use assets are as follows:

(in %)	2021	2020
Rights of use:		
Lands	3.33-20.00	3.33-20.00
Buildings	5.00-20.00	5.00-20.00
Equipment	10.00-100.00	10.00-100.00
Motor vehicles	16.67-33.33	16.67-33.33

If ownership of the leased asset transfers to the Group at the end of the lease term or the Group exercises a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Point k) Impairment of assets.

Lease liabilities are recognised at the present value of lease payments to be made over the lease term, which corresponds to a discounted value of lease payments to be paid by the Group over the lease term under the lease contract while also taking into account the Group's borrowing rate. The lease payments include fixed payments, less any lease incentives receivables, and variable lease payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group has recognised its lease liabilities in item lease liabilities, as disclosed in Point e.

At lease inception, lease liabilities correspond to the value of right-of-use assets and begin to decrease as lease payments are made, with the value of right-of-use assets decreasing in line with the depreciation charge over the lease term. Depreciation rates are estimated by taking into account the term of a lease. Interest expense is charged to finance expenses for the period.

Short-term leases and leases of low-value assets

The Group applies the exemption to short-term lease recognition (i.e. to leases that have a lease term of 12 months

or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. The Group recognises lease payments on short-term leases and leases of low-value assets as expense on a straight-line basis over the lease term.

i. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The moving average price method is used to assess the use of inventories.

j. Impairment

j1. Financial assets

In accordance with IFRS 9, the Group made a transition from the incurred loss model to the expected loss model based on which the Group recognises not only incurred losses but also expected future losses.

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group for which the Group granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted

The Group considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Impairment assessment is based on expected credit losses (ECLs) linked to a default on receivables and loans that is possible within the next 12 months, unless there has been a significant increase in credit risk since initial recognition. In such case, the impairment assessment is determined based on the probability of default over the lifetime of the financial asset (LECL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected cash flows will include cash flows from the sale of collateral.

Impairments for ECLs are assessed in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, impairments for ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Group recognises a loss allowance for losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The Group considers a financial asset to be in default when contractual payments are 60 days past due. However, in certain cases the Group may also consider the credit risk to be higher when information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of loss allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Group evaluates evidence about the impairment of loans individually for each significant loan.

Impairment of financial assets at fair value through other comprehensive income

Impairment losses on financial assets at fair value through other comprehensive income are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

Debt instruments at fair value through other comprehensive income consist solely of listed sovereign bonds classified as low credit risk investments. Under the policy selected, the Group measures expected credit losses on such instruments on a yearly basis. When there has been a significant increase in credit risk since recognition, the Group recognises a loss allowance based on the lifetime expected credit losses.

j2. Non-financial assets

The Group reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss. Impairment losses recognised in respect of a cash generating unit are allocated so as to first reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In the case of points of sale, the Group identified the point-of-sale network per country as a cash-generating unit and consequently also checks for indications of impairment at the level of the point-of-sale network rather than at the level of individual points of sale. Based on an analysis of interdependence of individual points of sale, the Group determined that identifying the point-of-sale network in an individual country as a cash-generating unit was the most appropriate approach.

An impairment loss on goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

Goodwill that forms part of the carrying amount of an equity accounted investment in an associate or jointly controlled entity is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k. Provisions

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provisions is determined as the present value of payments that the Group will be expected to make based on the contracts it has concluded and applicable legislation. To determine the amount, the Group relies on actuarial methods and on opinions provided by legal experts.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits

Pursuant to the law, the collective agreement and the internal rules, the Group is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations

The business cooperation agreements entered into by Group companies with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of Group company employees. The contractual obligation of Group companies to reimburse the costs arising from such rights to service station managers represents a basis for the recognition of long-term provisions. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for lawsuits

There are several lawsuits that have been filed against Group companies, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, companies have a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes.

Provisions for onerous contracts

The Group creates provisions for onerous contracts when the market situation causes the costs of meeting contractual obligations to exceed the expected economic benefit of long-term contracts.

The provisions are determined based on estimated purchasing and selling price levels and quantities, taking into account the costs to sell and general and administrative costs.

The Group determines the amount of the provisions based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities, taking into account the utilisation rate of transmission capacities. The provisions created by the Group for long-term contracts for the leasing of transmission and storage capacities cover the entire contract period.

l. Long-term deferred revenue

Government and other subsidies received to cover costs are recognised as a decrease in corresponding costs. Subsidies received as a compensation for assets are recognised strictly as revenue over the periods in which the costs that they are intended to compensate are incurred. The revenue, or the decrease in costs, is recognised when it can be reasonably expected it will result in receipts or where it is sufficiently certain that no unfulfilled conditions exist.

Long-term deferred revenue

Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers and storage facilities. Environmental assets, presented as part of the Group's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue.

m. Revenue from contracts with customers

Revenue from contracts with customers is recognised once control of goods or services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recorded when the customer obtains control of the goods or benefits from the services rendered.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Group delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured. As of the sale, the Group no longer has control of the goods or services sold. Revenue from the sale of goods does not include duties paid upon the purchase and duties paid upon the sale of the goods.

Gains on commodity forward contracts are also recognised as revenue from the sale of goods.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Loyalty scheme
The Group offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Group defers them to match its revenue with the expenses incurred to generate the revenue.

Instalment sales
In instalment sales, the Group recognises separately revenue from the sale of goods and finance income deferred over the entire contract term. Finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Group based on the sale.

Sale in the name and for the account of third parties
The Group has entered into contracts with customers for the sale of merchandise in the name and on behalf of suppliers. Based on these contracts, the Group delivers goods to customers, receiving in exchange the difference between the final selling price and the cost negotiated in advance. The difference is recognised as sales revenue.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Group's contract assets include accrued revenue from goods and services delivered to customers.

Trade receivables
A receivable is the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). See accounting policies on the recognition of financial assets in the section Financial assets.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration. The Group's contract liabilities include the liabilities from collaterals received, the loyalty scheme and granted discounts. Contract liabilities are recognised as revenue when the Group satisfies its performance obligation.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration estimated by the Group at contract inception as constrained remains constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur. Variable consideration refers to volume rebates granted to customers.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

n. Finance income and expenses
Finance income comprises interest income on financial assets, gains on the disposal of financial assets at fair value through other comprehensive income, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, loss allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

o. Taxes
Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is reported in its entirety using the statement of financial position liability method for temporary differences

between the tax base of assets and liabilities and their carrying amounts in the separate financial statements of Group companies. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p. Determination of fair value

A number of the Group's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Group uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or the market is considered as inactive, the Group uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Group.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

Property, plant and equipment

The fair value of property, plant and equipment is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on market prices for similar items.

Investment property

The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories

The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined by reference to the above fair value hierarchy for financial instruments.

Receivables and loans granted

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity derivatives equals their market price as at the reporting date, which is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions.

Non-derivative financial liabilities

For reporting purposes, fair value is calculated using the present value of future payments of the principal and interest, discounted at the market rate of interest at the end of the reporting period.

r. Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Group has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Operating segments

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses that relate to transactions with any of the Group's other components. Segments differ from one another in terms of risks and returns. Their results are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

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

- sales,
- energy and environmental solutions, and production.

t. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2020 and 31 December 2021 and data derived from the statement of profit or loss for the period January to December 2021. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

4. Significant accounting policies of the Company

The Company applied the accounting policies set out below consistently to all periods presented in these financial statements.

a. Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

b. Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost. The Company recognises income from an investment only to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition.

The impairment of financial assets is detailed in Point k1.

c. Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities at cost.

The impairment of financial assets is detailed in Point k1.

d. Financial assets

The Company's financial assets include cash and cash equivalents, receivables and loans, and investments. The Company's investments include investments in jointly controlled entities, investments in associates and investments in financial instruments. The accounting policies for investments in subsidiaries, jointly controlled entities and associates are presented in Points b and c.

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, the Company's financial instruments are classified into one the following categories: financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification depends on the selected asset management business model and on whether the Company's contractual cash flows from financial instruments are solely payments of principal and interest on the principal amount outstanding. With the exception of operating receivables that do not have a significant financing component, the Company's financial assets are upon initial recognition measured at fair value plus transaction costs. Operating receivables that do not have a significant financing component are measured at transaction price determined according to the provisions of IFRS 15. See Revenue from contracts with customers, Point n of the accounting policies.

The impairment of financial assets is detailed in Point k1.

d1. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

d2. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss and financial assets to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets that generate cash flows and are not solely payments of principal and interest are classified and measured at fair value through profit or loss irrespective of the business model.

In the statement of financial position, financial assets at fair value through profit or loss are measured at fair value, including net changes therein which are recognised in profit or loss.

This category also includes derivatives and listed equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the Company's right of payment has been established.

d3. Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Company under its business model for collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and for sale.

The Company's debt instruments at fair value through other comprehensive income comprise listed bond investments that are recognised under other non-current investments.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange differences and impairment losses or reversals are recognised in the statement of profit or loss and accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

d4. Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 Financial Instruments for which the Company elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the Company's right of payment has been established.

The Company elected to classify irrevocably its non-listed equity investments under this category.

d5. Financial assets at amortised cost

The Company's financial assets at amortised cost include financial assets held under its business model in order to collect contractual cash flows when the cash flows are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets at amortised cost include loans, receivables and non-listed debt securities. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position).

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable

transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when reversed, changed or impaired.

d6. Financial liabilities

The Company's financial liabilities include liabilities arising from debt securities issued and loans received. Upon initial recognition, they are classified as financial liabilities at fair value through profit or loss, loans received or operating liabilities. The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Company becomes a party to the contractual provisions of the instrument. Except for the loans received, all financial liabilities are initially recognised at fair value. The loans received are measured at amortised cost using the effective interest rate method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

Upon the derecognition of a financial liability and amortisation using the effective interest rate method, all gains or losses are recognised in the statement of profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

d7. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Company uses the following derivative financial instruments:

Forward contracts

The Company purchases petroleum products in US dollars but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as other income or expenses.

Commodity derivative financial instruments

When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity derivatives.

The fair value of outstanding commodity derivatives as at the date of the statement of financial position is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss as other income or expenses.

Interest rate swaps and collars

Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

Commodity forward contracts

Under IFRS 9, commodity forward contracts the purpose of which is not physical purchase or delivery of goods, their fulfilment leading to physical settlement only, are treated as a financial instrument and are recognised and measured in accordance with IFRS 9.

Forward purchase and sale transactions concluded to ensure physical settlement of goods are treated outside the scope of IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure physical delivery of goods, provided that the following conditions are met:

- physical delivery of goods takes place based on the contract,
- the quantities sold or purchased are consistent with the Company's business needs,
- the contract is binding and cannot be considered as optional.

As commodity forward contracts do not meet the above conditions, the Company treats them as financial instruments. In the financial statements, revenue from the sale of goods and the cost of goods sold arising from commodity forward transactions are recognised at fair value. Outstanding commodity forward contracts are restated to fair value at each balance-sheet date, and the effects of their restatement to fair value are recognised in the statement of profit or loss as other operating revenue or expenses.

e. Equity

Called-up capital

The called-up capital of the company Petrol d.d., Ljubljana takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses.

Fair value reserve

The fair value reserve comprises the effect of the absorption of Instalacija d.o.o. in 2013, the effects of valuing financial assets at fair value through other comprehensive income and actuarial gains and losses related to the provisions for employee post-employment and other long-term benefits.

Hedging reserve

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the Company acquires an ownership interest, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

f. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary by the Company is determined by adopting the value of goodwill that had been recognised at the Group level as a result of this business combination. As the acquisition takes place, the difference between the net assets of the acquired company plus goodwill recognised at the Group level and the investment in the acquiree is determined. The difference is recognised in equity in such a way that equity components which are not eliminated by the Group when consolidating the subsidiary but exist in its records before the business combination takes place are recognised in other revenue reserves, with the remaining difference being recognised in the fair value reserve.

Subsequent to initial recognition, the Company checks annually for factors which could adversely affect the future cash flows of a cash-generating unit acquired in a business combination. In the financial statements, a decrease in the value of a cash-generating unit is recognised as the impairment of goodwill or of the assets of a cash-generating unit. It is charged to current profit or loss.

Goodwill is measured at cost less any accumulated impairment losses.

Right to use concession infrastructure

The Company recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Company capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Company has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of

a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, intangible fixed assets comprise mostly software.

Subsequent expenditure
Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

The amortisation rates based on the estimated useful lives for the current and comparative years are as follows:

(in %)	2021	2020
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	10.00-33.33	10.00-33.33
Contracts with customers	20.00	20.00
Other rights	3.33-20.00	3.33-20.00

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is detailed in Point k2.

g. Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure
Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

The depreciation rates based on the estimated useful lives for the current and comparative periods are as follows:

(in %)	2021	2020
Buildings:		
Buildings at service stations	2.50-10.00	2.50-10.00
Above-ground and underground reservoirs	2.85-50.00	2.85-50.00
Underground service paths at service stations	5.00-14.30	5.00-14.30
Other buildings	1.43-50.00	1.43-50.00
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00	10.00-25.00
Gas station equipment	3.33-20.00	3.33-20.00
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Motor vehicles	10.00-25.00	10.00-25.00
Freight cars, rail tankers	25.00	25.00
Computer hardware	15.00-25.00	15.00-25.00
Office equipment, furniture	6.70-16.10	6.70-16.10
Small tools:	33.33	33.33
Environmental fixed assets:	4.00-25.00	4.00-25.00

Residual values and useful lives of an asset are reviewed annually and adjusted if necessary.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is detailed in Point k2.

Environmental fixed assets
Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point m.

h. Investment property
Investment property is property held by the Company either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation

method and rates are the same as for other tangible assets. The impairment of assets is detailed in Point k2.

The Company considers as investment property all property held by the Group that is fully or partially leased out to third parties. The Group's consideration takes into account the intended use of the property and the long-term goals pursued.

Property that is leased out as a whole is recognised as investment property based on separate records. The parts of the property that are leased out and constitute an integral part of the property used for the performance of core activities is recognised as investment property based on the proportion of leased out surface area if exceeding 5 percent of the property value.

i. Leases

The Company holds various items of business property (land, business premises and buildings), equipment and cars under a lease. Lease conditions are subject to negotiation on a case-by-case basis and vary depending on the term and type of a lease. The Company assesses at contract inception whether a contract is, or contains, a lease. That is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term based on the non-cancellable period of a lease, taking into account the period covered by an option to extend the lease and the period covered by an option to terminate the lease. The Company also assesses the probability of the above options.

The term of a lease depends on the type of the leased asset and range:

- from 5 to 30 years for land,
- from 5 to 20 years for business premises and buildings,
- from 1 to 10 years for equipment,
- from 3 to 6 years for cars.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. With regards to the leases of low-value assets and short-term leases, the Company records lease payments as an expense for the period to which a lease relates.

For all other leases, the Company has recognised lease liabilities and right-of-use assets.

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initially, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation rates of right-of-use assets are as follows:

(in %)	2021	2020
Rights of use:		
Lands	3.33-20.00	3.33-20.00
Buildings	5.00-20.00	5.00-20.00
Equipment	10.00-100.00	10.00-100.00
Motor vehicles	16.67-33.33	16.67-33.33

If ownership of the leased asset transfers to the Company at the end of the lease term or the Company exercises a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Point k) Impairment of assets.

Lease liabilities are recognised at the present value of lease payments to be made over the lease term, which corresponds to a discounted value of lease payments to be paid by the Company over the lease term under the lease contract while also taking into account the Group's borrowing rate. The lease payments include fixed payments, less any lease incentives receivables, and variable lease payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company has recognised its lease liabilities in item lease liabilities, as disclosed in Point e.

At lease inception, lease liabilities correspond to the value of right-of-use assets and begin to decrease as lease payments are made, with the value of right-of-use assets decreasing in line with the depreciation charge over the lease term. Depreciation rates are estimated by taking into account the term of a lease. Interest expense is charged to finance expenses for the period.

Short-term leases and leases of low-value assets
The Company applies the exemption to short-term lease recognition (i.e. to leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. The Company recognises lease payments on short term leases and leases of low-value assets as expense on a straight-line basis over the lease term.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser.

Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The moving average price method is used to assess the use of inventories.

k. Impairment

k1. Financial assets

In accordance with IFRS 9, the Company made a transition from the incurred loss model to the expected loss model based on which the Company recognises not only incurred losses but also expected future losses.

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company for which the Company granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted
The Company considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Impairment assessment is based on expected credit losses (ECLs) linked to a default on receivables and loans that is possible within the next 12 months, unless there has been a significant increase in credit risk since initial recognition. In such case, the impairment assessment is determined based on the probability of default over the lifetime of the financial asset (LECL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The expected cash flows will include cash flows from the sale of collateral.

Impairments for ECLs are assessed in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, impairments for ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company recognises an allowance for losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The Company considers a financial asset to be in default when contractual payments are 60 days past due. However, in certain cases the Company may also consider the credit risk to be higher when information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of loss allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Company deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Company evaluates evidence about the impairment of loans individually for each significant loan.

Impairment of financial assets at fair value through other comprehensive income
Impairment losses on financial assets at fair value through other comprehensive income are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

Debt instruments at fair value through other comprehensive income consist solely of listed sovereign bonds classified as low credit risk investments. Under the policy selected, the Company measures expected credit losses on such instruments on a yearly basis. When there has been a significant increase in credit risk since recognition, the Company recognises a loss allowance based on the lifetime expected credit losses.

Impairment of investments in subsidiaries
Based on internal and external sources of information, the Company verifies on a regular basis whether there is an indication that investments in subsidiaries may be impaired. If such indications exist, the Company performs an impairment test based on an estimated value to recognise the impairment of investments in subsidiaries. An impairment loss is measured as the difference between the estimated value and the carrying amount of the investment. The estimated values are calculated using valuation techniques and are based on the past operations of subsidiaries and most recent available financial results, the management's expectations for the future and market assumptions.

k2. Non-financial assets

The Company reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

In the case of points of sale, the Company identified the point-of-sale network per country as a cash-generating unit and consequently also checks for indications of impairment at the level of the point-of-sale network rather than at the level of individual points of sale. Based on an analysis of interdependence of individual points of sale, the Company determined that identifying the point-of-sale network in an individual country as a cash-generating unit was the most appropriate approach.

I. Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provisions is determined as the present value of payments that the Company will be expected to make based on the contracts it has concluded and applicable legislation. To determine the amount, the Company relies on actuarial methods and on opinions provided by legal experts.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits
Pursuant to the law, the collective agreement and internal rules, the Company is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Postemployment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of postemployment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations

The business cooperation agreements entered into by the Company with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of the Company's employees. The contractual obligation of the Company to reimburse the costs arising from such rights to employees at third-party managed service stations represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of postemployment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Provisions for lawsuits

There are several lawsuits that have been fled against the Company, for which the potential need for provisions is estimated on an ongoing basis. Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the Company's control. The Company's management regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent liability is restated and provisions are created for it in the financial statements as soon as the level of probability changes.

Provisions for onerous contracts

The Company creates provisions for onerous contracts when the market situation causes the costs of meeting contractual obligations to exceed the expected economic benefit of long-term contracts.

The provisions are determined based on estimated purchasing and selling price levels and quantities, taking into account the costs to sell and general and administrative costs.

The Company determines the amount of the provisions based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities, taking into account the utilisation rate of transmission capacities. The provisions created by the Company for long-term contracts for the leasing of transmission and storage capacities cover the entire contract period.

m. Long-term deferred revenue

Government and other subsidies received to cover costs are recognised as a decrease in corresponding costs. Subsidies received as a compensation for assets are recognised strictly as revenue over the periods in which the costs that they are intended to compensate are incurred. The revenue, or the decrease in costs, is recognised when it can be reasonably expected it will result in receipts or where it is sufficiently certain that no unfulfilled conditions exist.

Long-term deferred revenue

Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers and storage facilities. Environmental assets, presented as part of the Company's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue.

n. Revenue from contracts with customers

Revenue from contracts with customers is recognised once control of goods or services is transferred to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recorded when the customer obtains control of the goods or benefits from the services rendered.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Company delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured. As of the sale, the Company no longer has control of the goods or services sold. Revenue from the sale of goods does not include duties paid upon the purchase and duties paid upon the sale of goods.

Gains on commodity forward contracts are also recognised as revenue from the sale of goods.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Loyalty scheme
The Company offers Petrol Club card holders certain discounts on their purchases at service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Company defers them to match its revenue with the expenses incurred to generate the revenue.

Instalment sales
In instalment sales, the Company recognises separately revenue from the sale of goods and finance income deferred over the entire contract term. Finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Company based on the sale.

Sale in the name and for the account of third parties
The Group has entered into contracts with customers for the sale of merchandise in the name and on behalf of suppliers. Based on these contracts, the Company delivers goods to customers, receiving in exchange the difference between the final selling price and the cost negotiated in advance. The difference is recognised as sales revenue.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company's contract assets include accrued revenue from goods and services delivered to customers.

Trade receivables
A receivable is the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). See accounting policies on the recognition of financial assets in the section Financial assets.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. The Company's contract liabilities include the liabilities from collaterals received, the loyalty scheme and granted discounts. Contract liabilities are recognised as revenue when the Company satisfies its performance obligation.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration estimated by the Company at contract inception as constrained remains constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur. Variable consideration refers to volume rebates granted to customers.

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

o. Finance income and expenses
Finance income comprises interest income on financial assets, gains on the disposal of financial assets at fair value through other comprehensive income, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Dividend income is recognised in the Company's statement of profit or loss on the date that a shareholder's right to receive payment is established. If the fair value of the net assets acquired in a merger by absorption exceeds the carrying amount of the investment in the absorbed company, the difference is carried as finance income for the period in which the absorption took place.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, loss allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes
Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the Company's separate financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current corporate income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

r. Determination of fair value

A number of the Company's accounting policies require the determination of the fair value of both financial and non-financial assets and liabilities, either for the measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Company uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or if the market is considered inactive, the Company uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Company.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets
The fair value of intangible assets is based on the discounted cash flows that are expected to be derived from the use and eventual sale of the assets.

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on the market prices for similar items.

Investment property
The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on the discounted net annual cash flows.

Inventories
The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income
The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined by reference to the above fair value hierarchy for financial instruments.

Investments in associates and jointly controlled entities
The fair value of investments in associates and jointly controlled entities is determined by reference to the above fair value hierarchy for financial instruments. The methods of determining the value of and input assumptions for each investment are specifically presented in the disclosures.

Receivables and loans granted
The fair value of the receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).

- The fair value of commodity derivatives equals their market price as at the reporting date, which is determined using publicly available information about the market value of commodity derivatives as at the date of the statement of financial position as issued by relevant institutions.

Non-derivative financial liabilities
For reporting purposes, fair value is calculated using the present value of future payments of the principal and interest, discounted at the market rate of interest at the end of the reporting period.

s. Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. The basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Company has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

t. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2020 and 31 December 2021 and data derived from the statement of profit or loss for the period January to December 2021. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

New standards and interpretations relevant for the Group and the Company, but not yet effective
The standards and interpretations disclosed below have been issued but were not yet effective up to the date of issuance of the consolidated/separate financial statements. The Group/Company intends to adopt these standards and interpretations, if applicable, in the preparation of its financial statements when they become effective. The Group/Company did not adopt any of the standards early.

Amendment in the IFRS 10 Consolidated Financial Statements and the IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address an acknowledged inconsistency between the requirements in the IFRS 10 and those in the IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

IAS 1 Presentation of the Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the COVID-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements around the measurement or timing of the recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt that may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period.

In particular, the Board proposes narrow scope amendments to the IAS 1 that effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period.

Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required.

The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with the IAS 8, with earlier application permitted. The Board has also

proposed delaying the effective date of the 2020 amendments accordingly, so that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **The IFRS 3 Business Combinations (Amendments)** update a reference in the IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **The IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.
- **The IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018-2020** make minor amendments to the IFRS 1 First-time Adoption of International Financial Reporting Standards, the IFRS 9 Financial Instruments, the IAS 41 Agriculture and the Illustrative Examples accompanying the IFRS 16 Leases.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

IFRS 16 Leases-COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in the IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

IAS 1 Presentation of the Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to the IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and the correction of errors. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to the IAS 12, which narrow the scope of the initial recognition exception under the IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary

differences that are not equal. The amendments have not yet been endorsed by the EU.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

5. Segment reporting

In view of the fact that the financial report consists of the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The results of operating segments are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

The management monitors information on two levels: on the micro-level, in which case individual units are monitored, and on the macro level, where only certain key information is monitored that can be used to make comparisons with similar companies in Europe. Given the substantial amount of information and their sensitivity on the micro-level, the Group only discloses macro-level information in the annual report.

The Group/Company uses the following segments in the preparation and presentation of the financial statements:
- sales,
- energy and environmental solutions, and production.

Sales consist of:
- sales of petroleum products,
- sales of merchandise and services,
- sales of liquefied petroleum gas,
- electricity sales and trading,
- sales of natural gas.

Energy and environmental solutions and production consist of:
- energy and environmental solutions,
- heat systems,
- distribution of natural gas,
- production of renewable electricity,
- mobility.

The Group's operating segments in 2020:

(in EUR)	Sales	Energy and environmental systems and production	Total	Statement of profit or loss/Statement of financial position
Sales revenue	3,356,224,733	70,273,776	3,426,498,509	
Revenue from subsidiaries	(346,974,551)	(91,351)	(347,065,902)	
Sales revenue	3,009,250,182	70,182,425	3,079,432,607	3,079,432,607
Net profit for the year	70,098,690	2,231,352	72,330,042	72,330,042
Interest income*	2,187,715	967,651	3,155,366	3,155,366
Interest expense*	(5,887,101)	(2,603,932)	(8,491,033)	(8,491,033)
Depreciation of property, plant and equipment, depreciation of rifht-of-use assets, depreciation of investment property and amortisation of intangible assets	(55,370,129)	(19,624,038)	(74,994,167)	(74,994,167)
Share of profit or loss of equity accounted investees	-	3,508,790	3,508,790	3,508,790
Total assets	1,456,348,829	335,729,622	1,792,078,451	1,792,078,451
Equity accounted investees	-	56,515,407	56,515,407	56,515,407
Property, plant and equipment, right-of-use assets, investment property and intangible assets	721,961,522	262,816,348	984,777,870	984,777,870
Other assets	734,387,307	16,397,867	750,785,174	750,785,174
Current and non-current operating and financial liabilities and lease liabilities	694,504,472	160,102,936	854,607,408	854,607,408

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

The Group's operating segments in 2021:

(in EUR)	Sales	Energy and environmental systems and production	Total	Statement of profit or loss/Statement of financial position
Sales revenue	5,530,272,304	80,394,975	5,610,667,279	
Revenue from subsidiaries	(650,477,568)	(63,746)	(650,541,314)	
Sales revenue	4,879,794,736	80,331,229	4,960,125,965	4,960,125,965
Net profit for the year	115,740,186	8,741,175	124,481,361	124,481,361
Interest income*	7,564,188	2,501,647	10,065,835	10,065,835
Interest expense*	(6,905,827)	(2,283,912)	(9,189,739)	(9,189,739)
Depreciation of property, plant and equipment, depreciation of rifht-of-use assets, depreciation of investment property and amortisation of intangible assets	(58,549,723)	(20,542,035)	(79,091,758)	(79,091,758)
Share of profit or loss of equity accounted investees	-	2,583,771	2,583,771	2,583,771
Total assets	2,046,801,533	336,649,898	2,383,451,431	2,383,451,431
Equity accounted investees	-	55,874,127	55,874,127	55,874,127
Property, plant and equipment, right-of-use assets, investment property and intangible assets	967,647,334	264,148,527	1,231,795,861	1,231,795,861
Other assets	1,079,154,199	16,627,244	1,095,781,443	1,095,781,443
Current and non-current operating and financial liabilities and lease liabilities	1,118,657,240	183,992,360	1,302,649,600	1,302,649,600

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

Additional information about geographic areas in which the Group operates:

	Sales revenue		Total assets		Net investments	
(in EUR)	2021	2020	2021	2020	2021	2020
Slovenia	2,318,794,060	1,463,688,924	1,385,093,355	1,176,860,845	37,883,262	50,864,036
Croatia	892,630,457	472,415,913	708,835,851	343,247,592	188,763,187	29,129,764
Austria	189,705,906	210,144,985	2,521,013	5,082,509	-	-
Bosnia and Herzegovina	157,179,446	101,021,218	84,410,027	76,402,639	158,544	137,349
Serbia	126,953,533	72,200,684	97,542,278	87,005,571	6,256,121	4,987,574
Montenegro	42,138,531	26,223,964	34,663,240	31,734,965	142,741	284,712
Romania	26,828,155	97,400,461	474,400	487,772	-	-
Macedonia	7,185,333	13,379,662	737,181	2,891,615	-	-
Other countries	1,198,710,544	622,956,796	1,920,285	1,943,504	-	-
	4,960,125,965	**3,079,432,607**	**2,316,197,630**	**1,725,657,012**	**233,203,855**	**85,403,435**
Jointly controlled entities			704,501	562,016		
Associates			55,169,626	55,953,391		
Unallocated assets			11,379,674	9,906,032		
Total assets			**2,383,451,431**	**1,792,078,451**		

For the purpose of presenting geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.

Unallocated assets refer mainly to deferred tax assets.

6. Notes to individual items in the financial statements

6.1 Business combinations

a. Acquisitions

Crodux derivati dva d.o.o.

Under a contract for the sale and purchase of interests, which was concluded in 2021, following the fulfilment of the suspensive conditions, the Group acquired a 100-percent interest in Crodux derivati dva d.o.o., which is engaged in the sale of petroleum products in retail and wholesale on the Croatian market, in the sale of trade goods and services and in the catering offer.

The conditions for recognising assets in the Group's financial statements and for managing them were met on 6 October 2021.

In the Company's statement of financial position, Crodux derivati dva d.o.o was treated as a subsidiary as at 31 December 2021. The company's financial statements are included in the consolidated financial statements of the Group.

Goodwill arises mainly from the retail distribution network. Due to the fact that the business combination occurred in the last quarter of the year, the fair value of the assets could not be determined with certainty. Therefore, the acquired assets were recognised at provisional values and will be recognised retrospectively in 2022 on the basis of appropriate valuations, which will also affect the value of goodwill (IFRS 3.45). The Group recognised goodwill in the amount of EUR 148,894,359. The testing goodwill for impairment is disclosed in Note 6.15.

In the three months since the acquisition of the company, the Group generated revenues in the amount of EUR 174,491,268, while the net profit was negative in the amount of EUR 4,246,024. If control had been obtained on 1 January 2021, the Group's revenue would have been EUR 439,631,062 higher, its net profit EUR 16,220,825 higher and its EBITDA would have been EUR 37,044,553 higher.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Provisional fair value	Carrying amount
Cash and cash equivalents	9,891,052	9,891,052
Intangible assets	5,328,030	5,328,030
Right-of-use assets	47,507,231	47,507,231
Property, plant and equipment	67,907,084	67,907,084
Investment property	120,243	120,243
Deferred tax assets	571,383	571,383
Inventories	21,581,519	21,581,519
Contract assets	128,366	128,366
Financial receivables	80,520,260	80,520,260
Operating receivables	51,589,121	51,589,121
Prepayments and other assets	822,789	822,789
Assets	**285,967,078**	**285,967,078**
Other provisions	33,049	33,049
Financial liabilities	106,555,345	106,555,345
Lease liabilities	49,056,309	49,056,309
Operating liabilities	79,154,648	79,154,648
Corporate income tax liabilities	2,008,426	2,008,426
Contract liabilities	1,055,690	1,055,690
Other liabilities	5,297,970	5,297,970
Liabilities	**243,161,437**	**243,161,437**
Net assets upon acquisition	**42,805,641**	**42,805,641**
Amount paid	191,700,000	-
Goodwill	148,894,359	-
Amount paid	191,700,000	-
Cash and cash equivalents	9,891,052	-
Net payment	181,808,948	-

E 3, d.o.o.

Under a contract for the sale and purchase of interests, which was concluded in February 2020, the Petrol Group acquired a 100-percent interest in E 3, d.o.o. from Elektro Primorska, d.d.

The conditions for recognising assets in the Group's financial statements and for managing them were met on 5 January 2021.

In the Company's statement of financial position, E 3, d.o.o. was treated as a subsidiary as at 31 December 2021. The company's financial statements are included in the consolidated financial statements of the Group.

Since the acquisition of the company, the Group generated revenues in 2021 in the amount of EUR 125,078,162, while the net profit was positive in the amount of EUR 579,292.

On acquiring the controlling influence over the company, the fair value of the acquired net assets was reviewed, based on which the Group was able to recognise the fair value of the assets in its consolidated financial statements. The fair value of assets was estimated on the basis of the return-based method using the discounted cash flow method.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	792,219	792,219
Intangible assets	3,873,893	464,724
Right-of-use assets	119,368	119,368
Property, plant and equipment	5,095,587	7,741,407
Investments in associates	894,000	483,993
Operating receivables	27,072,213	27,072,213
Contract assets	1,694,130	1,694,130
Deferred tax assets	324,476	547,413
Corporate income tax assets	66,517	66,517
Prepayments and other assets	208,361	208,361
Assets	**40,140,764**	**39,190,345**
Provisions for employee post-employment and other long-term benefits	372,406	372,406
Long-term deferred revenue	598,039	598,039
Financial liabilities	3,232,001	3,232,001
Lease liabilities	120,462	120,462
Operating liabilities	18,341,741	18,341,741
Contract liabilities	726,625	726,625
Other liabilities	619,764	619,764
Liabilities	**24,011,038**	**24,011,038**
Net assets upon acquisition	**16,129,726**	**15,179,307**
Amount paid	14,950,000	-
Negative goodwill	1,179,726	-
Amount paid	14,950,000	-
Cash and cash equivalents	792,219	-
Net payment	14,157,781	-

The Group recognised negative goodwill in the income statement for 2021 among other finance income.

b. Business combinations in 2020

In 2020, Petrol d.d., Ljubljana acquired the company Petrol-OTI-Terminal L.L.C.

Petrol-OTI-Terminal L.L.C.

Under a contract for the sale and purchase of interests, which was concluded in December 2020, the Petrol Group acquired a 100-percent interest in Petrol-OTI-Terminal L.L.C. from the jointly controlled entity Petrol OTI Slovenija L.L.C. Under the same contract for the sale and purchase of interests, the Petrol Group sold a 51-percent interest in the jointly controlled entity Petrol OTI Slovenija L.L.C. to the remaining company member of the jointly controlled entity Petrol OTI Slovenija L.L.C. The conditions for recognising the assets in the Group's financial statements and for their control were fulfilled on 31 December 2020.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Petrol-OTI-Terminal L.L.C. was treated as a subsidiary as at 31 December 2020. The financial statements of Petrol-OTI-Terminal L.L.C. are included in the Group's consolidated financial statements.

On acquiring the controlling influence over Petrol-OTI-Terminal L.L.C., the fair value of the acquired net assets was reviewed, based on which the Group was able to recognise the fair value of the assets in its consolidated financial statements. The fair value of the assets was assessed based on the cost approach using the net asset value method. Fixed assets relate to an assessed value of a business complex that actually represents a petroleum product storage facility.

The acquisition of the assets of Petrol-OTI-Terminal L.L.C. did not result in additional revenue for the Group. The company was dormant in 2020. If control had been obtained on 1 January 2020, the Group's net profit would have been lower by EUR 19,278.

The statement of the acquired assets as at the day when the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	1,711	1,711
Property, plant and equipment	1,910,082	8,663,712
Operating receivables	5,936	5,936
Assets	**1,917,729**	**8,671,359**
Financial liabilities	54,000	54,000
Operating liabilities	58,729	58,729
Liabilities	**112,729**	**112,729**
Net assets upon acquisition	**1,805,000**	**8,558,630**
Amount paid	1,805,000	-
Goodwill	-	-
Amount paid	1,805,000	-
Cash and cash equivalents	1,711	-
Net payment	1,803,289	-

c. Definitive allocation of goodwill in 2020 in the subsidiaries acquired in 2019

Atet d.o.o.

Under a contract for the sale and purchase of interests, which was concluded in July 2019, Petrol d.d., Ljubljana acquired a 76-percent interest in Atet, podjetje za izposojo avtomobilov, d.o.o. The company is engaged in car rental activity. The conditions for exercising control over the company were fulfilled on 16 December 2019.

In the Company's statement of financial position and the Group's consolidated statement of financial position, Atet d.o.o. was treated as a subsidiary as at 31 December 2019. The financial statements of Atet d.o.o. are included in the Group's consolidated financial statements.

Because the business combination took place at the end of 2019 and the fair value of the assets as at 31 December 2019 could not be determined with certainty, the acquired assets as at 31 December 2019 were recognised at provisional values.

In 2020, the fair value of the acquired net assets was assessed, based on which the Group was able to recognise the fair value of the net assets in its consolidated financial statements, thus definitively allocating goodwill, which had been recognised only temporarily in 2019. The fair value of the property was assessed using the income capitalisation method whereas the fair value of the equipment was assessed using the replacement cost method.

The company's statement of financial position as at the day the Company acquired controlling influence is as follows:

(in EUR)	Restated fair value	Provisional fair value	Carrying amount
Cash and cash equivalents	1,014,069	1,014,069	1,014,069
Property, plant and equipment	1,442,041	1,144,326	1,144,326
Operating receivables	265,299	265,299	265,299
Corporate income tax assets	39,897	39,897	39,897
Prepayments and other assets	15,559	15,559	15,559
Assets	**2,776,865**	**2,479,150**	**2,479,150**
Financial liabilities	303,080	303,080	303,080
Operating liabilities	290,422	290,422	290,422
Deferred tax liabilities	56,566	-	-
Corporate income tax liabilities	6,651	6,651	6,651
Contract liabilities	2,083	2,083	2,083
Other liabilities	400	400	400
Liabilities	**659,202**	**602,636**	**602,636**
Net assets upon acquisition	**2,117,663**	**1,876,514**	**1,876,514**
Net assets upon acquisition of majority interest (76%)	**1,609,424**	**1,426,151**	**1,426,151**
Amount paid	4,044,396	4,044,396	-
Goodwill	2,434,972	2,618,245	-
Amount paid	4,044,396	4,044,396	-
Cash and cash equivalents	1,014,069	1,014,069	-
Net payment	3,030,327	3,030,327	-

Goodwill was allocated to property, plant and equipment.

6.2 Changes within the Group

In 2021, Petrol d.d.:

- Acquired a 100-percent interest in E 3, d.o.o. The impact on the Group's financial statements is presented in Note 6.1.
- With the acquisition of E 3, d.o.o. indirectly acquired a 47.27-percent interest in Knešca d.o.o. The impact on the Group's financial statements is presented in Note 6.21.
- Sold the associate Ivicom Energy d.o.o. The impact on the Group's financial statements is presented in Note 6.21.
- Acquired a 100-percent interest in Crodux derivati dva d.o.o. The impact on the Group's financial statements is presented in Note 6.1.
- Increased the capital of Vjetroelektrana Ljubač d.o.o., with the Group's holding remaining unchanged. The impact on the financial statements is presented in Note 6.19.
- Liquidated Petrol Trade Slovenia L.L.C. and Petrol Praha CZ S.R.O. The impact on the Group's financial statements is presented in Note 6.19.
- Sold a 50-percent interest in the jointly controlled entity Vjetroelektrana Dazlina d.o.o.

In 2021, Petrol d.o.o. Beograd established three subsidiaries Petrol Lumennis ZA JO d.o.o. Beograd, Petrol Lumennis ŠI JO d.o.o. Beograd and Petrol KU 2021 d.o.o. Beograd that operate in the segment of energy and environmental solutions. Petrol d.o.o. Beograd is the sole owner of the two companies.

In 2020 Petrol d.d.:

- Acquired a 100-percent interest in Petrol-OTI-Terminal L.L.C. The impact on the Group's financial statements is presented in Note 6.1.
- Acquired a 49-percent interest in Petrol LPG d.o.o. Beograd, becoming the sole owner of the company. The impact on the financial statements is presented in Note 6.19.
- Acquired an additional interest in MBills d.o.o., becoming a 100-percent owner of the company. The impact on the financial statements is presented in Note 6.19.
- Increased the capital of STH Energy d.o.o., with the Group's holding remaining unchanged. The impact on the financial statements is presented in Note 6.19.
- Disposed of its 51-percent interest in Petrol OTI Slovenija L.L.C. The impact on the Group's financial statements is presented in Note 6.1.

In 2020 Petrol d.o.o. Beograd established subsidiaries Petrol Lumennis PB d.o.o. Beograd and Petrol Lumennis VS d.o.o. Beograd that operate in the segment of energy and environmental solutions. Petrol d.o.o. Beograd is the sole owner of the two companies.

6.3 Revenue

Sales revenue by type of goods

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Revenue from the sale of merchandise	4,852,186,450	2,981,937,390	3,467,445,255	2,258,375,265
Revenue from the sale of services	100,871,606	90,297,346	89,542,981	79,210,092
Revenue from the sale of products	7,067,909	7,197,871	31,554	1,038,771
Total revenue	**4,960,125,965**	**3,079,432,607**	**3,557,019,790**	**2,338,624,128**

Sales revenue by sales market

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Domestic sales revenue	2,318,794,060	1,463,688,924	2,307,448,117	1,180,983,411
EU market sales revenue	2,040,354,381	1,268,973,978	1,079,437,479	934,164,575
Non-EU market sales revenue	600,977,524	346,769,705	170,134,194	223,476,142
Total revenue	**4,960,125,965**	**3,079,432,607**	**3,557,019,790**	**2,338,624,128**

Sales revenue by operating segment

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Sale of merchandise	4,879,794,736	3,009,250,182	3,499,901,051	2,282,674,214
Energy and environmental solutions and production	80,331,229	70,182,425	57,118,739	55,949,914
Total revenue	**4,960,125,965**	**3,079,432,607**	**3,557,019,790**	**2,338,624,128**

The Group's/Company's sales revenue includes rental income. In 2021, the Group generated EUR 4,083,960 in rental income and the Company EUR 3,068,650.

Other income

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Gain on derivatives	269,931,980	100,106,658	269,846,734	99,748,455
Compensation, lawsuits, contractual penalties received	997,066	219,716	807,961	86,563
Gain on disposal of fixed assets	694,563	773,615	367,422	614,869
Compensation received from insurance companies	244,184	148,729	103,091	20,930
Payment of court fees	131,183	38,647	79,213	24,207
Utilisation of environmental provisions	-	10,772	-	10,772
Other income	5,349,657	4,488,049	3,585,000	3,401,784
Total other income	**277,348,633**	**105,786,186**	**274,789,421**	**103,907,580**

Profit from derivative financial instruments should be considered in conjunction with the loss of derivative financial instruments disclosed under other expenses (Note 6.9) and the cost of provisions for onerous contracts with customers for the supply of electricity disclosed under other costs (Note 6.8). Accordingly, in 2021, the Group/Company had a net effect from derivative financial instruments and provisions for onerous contracts with customers for the supply of electricity in the amount of EUR 13,279,045 (2020: EUR 25,637,125) and EUR 12,589,044 (2020: EUR 23,474,808), respectively.

6.4 Costs of materials

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Costs of energy	21,471,005	19,897,486	18,411,758	17,509,877
Costs of consumables	6,867,875	7,061,792	4,908,925	5,631,831
Write-off of small tools	137,680	141,892	82,889	86,131
Other costs of materials	819,464	833,086	415,192	558,277
Total costs of materials	**29,296,024**	**27,934,256**	**23,818,764**	**23,786,116**

6.5 Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Costs of transport services	33,146,816	29,076,879	25,813,408	24,589,796
Costs of service station managers	30,812,368	34,622,264	30,812,368	34,622,264
Costs of fixed-asset maintenance services	24,904,966	20,745,238	18,793,301	16,064,895
Costs of payment transactions and bank services	12,872,038	9,618,812	7,960,337	6,975,692
Costs of professional services	9,428,504	9,951,995	6,952,438	8,380,955
Lease payments	8,441,011	5,347,894	5,965,952	3,276,653
Costs of fairs, advertising and entertainment	6,705,784	4,855,914	4,274,674	2,882,820
Costs of insurance premiums	4,880,292	4,118,507	2,891,553	2,421,131
Outsourcing costs	4,034,087	4,228,791	3,734,872	3,626,778
Costs of fire protection and physical and technical security	2,289,964	2,158,306	1,763,982	1,770,958
Costs of environmental protection services	2,094,424	1,905,910	1,343,340	1,405,309
Property management	1,206,789	1,579,012	906,228	1,471,278
Reimbursement of work-related costs to employees	969,200	861,196	508,490	466,612
Membership fees	865,602	844,590	208,848	340,188
Other costs of services	5,046,074	3,428,989	2,275,198	2,108,453
Total costs of services	**147,697,919**	**133,344,297**	**114,204,989**	**110,403,782**

The Petrol Group

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 231,465 (2020: EUR 150,000). Auditing services comprise the fee for the auditing of the annual report of EUR 193,565 (2020: EUR 149,250). Other, non-auditing services stood at EUR 37,900 in 2021 (2020: EUR 750).

Petrol d.d., Ljubljana

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 73,000 (2020: EUR 63,350). Auditing services comprise the fee for the auditing of the annual report of EUR 72,600 (2020: EUR 62,600). Other, non-auditing services stood at EUR 400 in 2021 (2020: EUR 750).

Lease expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Depreciation of right-of-use assets	12,802,769	10,139,765	3,983,028	3,885,487
Finance expenses	2,425,310	2,676,699	1,291,951	1,508,731
Lease expenses	8,441,011	5,347,894	5,965,952	3,276,653
Total recognised costs/expenses	**23,669,090**	**18,164,358**	**11,240,931**	**8,670,871**

The Group's/Company's lease expenses include expenses for short-term leases, leases of low-value assets and leases with variable lease payments.

6.6 Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Salaries	85,401,258	75,489,309	58,731,102	55,002,363
Costs of other social insurance	7,576,461	6,133,427	4,234,369	4,267,276
Costs of pension insurance	6,691,637	5,592,134	5,604,526	4,229,710
Meal allowance	3,479,550	2,903,033	2,669,093	2,297,807
Transport allowance	3,340,708	3,100,888	1,916,044	1,865,354
Annual leave allowance	2,816,497	3,096,768	2,343,077	2,540,271
Supplementary pension insurance	1,648,409	1,542,016	1,520,449	1,479,500
Other allowances and reimbursements	3,386,989	4,998,999	1,300,331	2,991,858
Total labour costs	**114,341,509**	**102,856,574**	**78,318,991**	**74,674,139**

In line with the measures taken by countries to contain the coronavirus (COVID-19) epidemic, the Group made use of measures relating to the unconditional reimbursement of labour costs of EUR 613,261 recording their effects as a decrease in labour costs.

In line with the measures taken by the state to contain the coronavirus (COVID-19) epidemic, the Company made use of measures relating to the unconditional reimbursement of labour costs of EUR 357,311 recording it as a decrease in labour costs.

Number of employees by formal education level as at 31 December 2020

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	18	-	18	2	-	2
Level II	50	29	79	35	29	64
Level III	110	10	120	5	10	15
Level IV	905	273	1,178	356	273	629
Level V	1,749	635	2,384	892	635	1,527
Level VI	301	49	350	168	49	217
Level VII	556	59	615	349	59	408
Level VII/2	379	17	396	375	17	392
Level VIII	17	-	17	11	-	11
Total	**4,085**	**1,072**	**5,157**	**2,193**	**1,072**	**3,265**

Number of employees by formal education level as at 31 December 2021

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	39	1	40	5	1	6
Level II	43	24	67	29	24	53
Level III	152	7	159	7	7	14
Level IV	1,295	263	1,558	341	263	604
Level V	2,156	621	2,777	852	621	1,473
Level VI	515	50	565	165	50	215
Level VII	576	56	632	346	56	402
Level VII/2	405	15	420	354	15	369
Level VIII	19	-	19	7	-	7
Total	**5,200**	**1,037**	**6,237**	**2,106**	**1,037**	**3,143**

On average, the Group and the Company had 5,387 and 2,122 employees in 2021, respectively (2020: 4,054 and 2,129).

6.7 Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Depreciation of property, plant and equipment	51,689,896	51,755,226	32,282,770	33,544,505
Amortisation of intangible assests	13,229,924	11,934,808	9,676,444	8,642,941
Depreciation of right-of-use assets	12,802,769	10,139,765	3,983,028	3,885,487
Depreciation of investment property	1,369,169	1,164,368	754,429	1,128,294
Total depreciation and amortisation	**79,091,758**	**74,994,167**	**46,696,671**	**47,201,227**

6.8 Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Impairment/write-down of assets	14,259,583	16,207,510	2,705,061	4,383,807
Environmental charges and charges unrelated to operations	6,534,253	6,512,808	4,099,121	4,692,994
Sponsorships and donations	2,034,138	1,517,038	1,581,268	1,333,585
Loss on sale/disposal of property, plant and equipment	1,321,765	1,356,231	1,021,237	1,324,266
Other costs	30,548,619	1,345,139	26,256,662	4,957,539
Total other costs	**54,698,358**	**26,938,726**	**35,663,349**	**16,692,191**

The Group's impairment of assets relates mostly to the impairment of fixed assets by EUR 6,726,152 (2020: EUR 5,084,330) and to the impairment of inventories by EUR 7,205,752 EUR (2020: EUR 7,331,973) to match their net realisable value. The Company's impairment of assets relates mostly to the impairment of fixed assets by EUR 2,483,435 (2020: EUR 3,265,845).

Among the other costs of the Group/Company, EUR 20,924,453 (2020: 0 EUR) relates to the costs of recognising short-term provisions from onerous contracts with customers for the supply of electricity. This note should be read in conjunction with Notes 6.3, 6.9 and 6.41.

6.9 Other expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Loss on derivatives	235,728,482	74,469,533	236,333,237	76,273,647
Other expenses	876,145	491,988	(40,362)	35,262
Total other expenses	**236,604,627**	**74,961,521**	**236,292,875**	**76,308,909**

Loss from derivative financial instruments should be considered in conjunction with the profit of derivative financial instruments disclosed under other revenue (Note 6.3) and the cost of provisions for onerous contracts with customers for the supply of electricity disclosed under other costs (Note 6.8). Accordingly, in 2021, the Group/Company had a net effect from derivative financial instruments and provisions for onerous contracts with customers for the supply of electricity in the amount of EUR 13,279,045 (2020: EUR 25,637,125) and EUR 12,589,044 (2020: EUR 23,474,808), respectively.

6.10 Interests and dividends

Shares of profit or loss of equity accounted investees of the Petrol Group

(in EUR)	The Petrol Group	
	2021	2020
Plinhold d.o.o.	1,424,430	2,639,331
Aquasystems d.o.o.	814,857	765,316
Knešca d.o.o.	48,026	-
Ivicom Energy d.o.o.	(3,582)	(20,835)
Total net profit of associates	**2,283,731**	**3,383,812**
Geoenergo d.o.o.	187,370	(11,385)
Soenergetika d.o.o.	112,670	137,311
Vjetroelektrana Dazlina d.o.o.	-	(948)
Total net profit of jointly controlled entities	**300,040**	**124,978**
Total net finance income from interests	**2,583,771**	**3,508,790**

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

(in EUR)	Petrol d.d.	
	2021	2020
Geoplin d.o.o. Ljubljana	958,260	958,260
Petrol Hidroenergija d.o.o.	713,159	-
Petrol Trade Handelsgesellschaft m.b.H.	151,905	1,140,803
Total subsidiaries	**1,823,324**	**2,099,063**
Aquasystems d.o.o.	763,964	764,409
Plinhold d.o.o.	564,272	564,272
Total associates	**1,328,236**	**1,328,681**
Soenergetika d.o.o.	135,495	172,934
Total jointly controlled entities	**135,495**	**172,934**
Total finance income from interests	**3,287,054**	**3,600,678**

6.11 Other finance income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Foreign exchange differences	15,516,194	19,625,423	12,635,432	15,444,180
Interest income	10,065,835	3,155,366	3,279,520	2,775,616
Gain on derivatives	4,525,059	2,101,828	7,093,905	2,101,828
Loss allowances for rec. reversed and bad debt recovered	682,431	534,782	363,486	981,353
Other finance income	1,383,319	1,488,976	136,286	1,397,455
Total other finance income	**32,172,838**	**26,906,375**	**23,508,629**	**22,700,432**
Foreign exchange differences	(20,417,028)	(16,990,985)	(16,601,747)	(12,693,137)
Interest expense	(9,189,739)	(8,491,033)	(9,218,597)	(7,594,011)
Allowance for operating receivables	(8,253,470)	(2,238,295)	(3,023,504)	-
Loss on derivatives	(2,016,266)	(4,673,449)	(2,016,266)	(4,673,449)
Impairment of investments and of goodwill	(873,366)	(3,641,563)	(11,193,296)	(4,584,965)
Other finance expenses	(1,601,601)	(545,365)	(1,628,763)	(446,003)
Total other finance expenses	**(42,351,470)**	**(36,580,690)**	**(43,682,173)**	**(29,991,565)**
Net finance expense	**(10,178,632)**	**(9,674,315)**	**(20,173,544)**	**(7,291,133)**

6.12 Corporate income tax

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Tax expense	(30,683,697)	(14,373,778)	(18,781,868)	(2,843,435)
Deferred tax	3,717,031	1,238,736	1,867,467	67,462
Taxes	**(26,966,666)**	**(13,135,042)**	**(16,914,401)**	**(2,775,973)**

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Profit before tax	151,448,027	85,465,084	83,397,343	31,669,489
Tax at effective tax rate	28,775,125	16,238,366	15,845,495	6,017,203
Tax effect of untaxed revenue	(3,009,646)	(2,977,999)	(2,278,094)	(2,263,228)
Tax effect of expenses not deducted on tax assessment	1,794,663	2,822,523	3,347,000	1,466,486
Increase in expenses by tax non-deductible revaluation expenses	-	(2,444,488)	-	(2,444,488)
Effect of higher/lower tax rates for companies abroad	(593,476)	(503,360)	-	-
Taxes	**26,966,666**	**13,135,042**	**16,914,401**	**2,775,973**
Effective tax rate	**17.81%**	**15.37%**	**20.28%**	**8.77%**

The Group had EUR 616,729 (2020: EUR 3,426,549) and EUR 18,786,511 (2020: EUR 1,966,916) in corporate income tax assets and liabilities, respectively, as at 31 December 2021. The Group does not offset the assets and liabilities, as they represent a receivable from or a liability to different tax administrations.

In Slovenia, the effective corporate income tax rate stood at 19 percent in 2021 (2020: 19 percent), whereas the Group's tax rates ranged from 9 to 25 percent.

Changes in deferred taxes of the Petrol Group

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Tax loss	Other	Total
As at 1 January 2020	**1,516,705**	**3,558,668**	**5,955,057**	**92,727**	**565,263**	**162,675**	**11,851,095**
Netting							(2,617,086)
Total net receivables as at 1 January 2020							**9,234,009**
(Charged)/credited to the statement of profit or loss	30,963	(305,162)	592,038	7,862	-	334,051	659,752
(Charged)/credited to other comprehensive income	21,805	-	-	-	-	-	21,805
Foreign exchange differences	(703)	(10,777)	(6,249)	(90)	(7,301)	(127)	(25,247)
As at 31 December 2020	**1,568,770**	**3,242,729**	**6,540,846**	**100,499**	**557,962**	**496,599**	**12,507,405**
Netting							(2,601,373)
Total net receivables as at 31 December 2020							**9,906,032**
New acquisitions as a result of control obtained	27,929	35,379	1,460,779	-	-	97,415	1,621,502
(Charged)/credited to the statement of profit or loss	(126,722)	2,346,117	1,266,332	13,768	426,769	(283,366)	3,642,898
(Charged)/credited to other comprehensive income	(768,364)	-	-	-	-	-	(768,364)
Foreign exchange differences	197	2,543	1,316	63	2,258	(41)	6,336
As at 31 December 2021	**701,810**	**5,626,768**	**9,269,273**	**114,330**	**986,989**	**310,607**	**17,009,777**
Netting							(5,630,103)
Total net receivables as at 31 December 2021							**11,379,674**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2020	**161,572**	**5,291,853**	**5,637**	**5,459,062**
Netting				(2,617,086)
Total net liabilities as at 1 January 2020				**2,841,976**
New acquisitions as a result of control obtained	-	1,790,495	-	1,790,495
Charged/(credited) to the statement of profit or loss	-	(611,528)	32,544	(578,984)
Foreign exchange differences	(116)	(83,384)	-	(83,500)
As at 31 December 2020	**161,456**	**6,387,436**	**38,181**	**6,587,073**
Netting				(2,601,373)
Total net liabilities as at 31 December 2020				**3,985,700**
	-	725,643	-	725,643
Charged/(credited) to the statement of profit or loss	-	(84,087)	9,954	(74,133)
Charged/(credited) to other comprehensive income	(7,529)	-	-	(7,529)
Foreign exchange differences	29	(17,322)	-	(17,293)
As at 31 December 2021	**153,956**	**7,011,670**	**48,135**	**7,213,761**
Netting				(5,630,103)
Total net liabilities as at 31 December 2021				**1,583,658**

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Other	Total
As at 1 January 2020	**1,402,289**	**1,174,974**	**4,880,129**	**13,259**	**7,470,651**
Netting					(602,411)
Total net receivables as at 1 January 2020					**6,868,241**
(Charged)/credited to the statement of profit or loss	30,963	88,050	(355,985)	304,434	67,462
(Charged)/credited to other comprehensive income	(23,698)	-	-	-	(23,698)
As at 31 December 2020	**1,409,555**	**1,263,024**	**4,524,144**	**317,693**	**7,514,416**
Netting					(602,411)
Total net receivables as at 31 December 2020					**6,912,005**
(Charged)/credited to the statement of profit or loss	(146,961)	1,918,231	243,338	(147,141)	1,867,467
(Charged)/credited to other comprehensive income	(619,733)				(619,733)
As at 31 December 2021	**642,861**	**3,181,255**	**4,767,482**	**170,552**	**8,762,150**
Netting					(606,636)
Total net receivables as at 31 December 2021					**8,155,514**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Total
Total net liabilities as at 1 January 2020	**-**	**-**	**-**
As at 31 December 2020	**141,155**	**461,256**	**602,411**
Netting			(602,411)
Total net liabilities as at 31 December 2020			**-**
(Charged)/credited to other comprehensive income	4,225	-	4,225
As at 31 December 2021	**145,380**	**461,256**	**606,636**
Netting			(606,636)
Total net liabilities as at 31 December 2021			**-**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
Net profit (in EUR)	124,481,361	72,330,042	66,482,942	28,893,516
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at the beginning of the year	30,723	30,723	24,703	24,703
Number of own shares at the end of the year	30,723	30,723	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,055,578	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,055,578	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	**60.56**	**35.19**	**32.25**	**14.02**

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company/Group. The Group and the Company have no potential dilutive ordinary shares, meaning the basic and diluted earnings per share are identical.

6.14 Changes in other comprehensive income

The Petrol Group

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 4,109,730 (in 2020: decrease of EUR 128,073) and decreased by the deferred tax effect of EUR 772,591 (in 2020: increase of EUR 21,805). The change relates to interest rate swap hedging and decreases the hedging reserve.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

Petrol d.d., Ljubljana

The effective portion of the changes in the fair value of the cash flow variability hedging instrument increased by EUR 3,283,988 (in 2020: an increase of EUR 124,723) and decreased by the deferred tax effect of EUR 623,957 (in 2020: a decrease of EUR 23,698). The change relates to interest rate swap hedging and decreases the hedging reserve.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

6.15 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 costs	Total
Cost						
As at 1 January 2020	**43,386,512**	**117,831,441**	**107,629,738**	**7,406,707**	**223,915**	**276,478,313**
New acquisitions	629,828	35,235	1,350,678	9,591,541	339,561	11,946,843
Disposals	(5,584,264)	(120,756)	-	-	(198,517)	(5,903,537)
Impairments	-	(551,705)	(2,662,470)	-	-	(3,214,175)
Reallocation of goodwill	-	-	(183,273)	-	-	(183,273)
Transfers between asset categories	600,161	768,616	-	100,977	-	1,469,754
Transfer from ongoing investments	5,819,718	4,272,936	-	(10,092,654)	-	-
Foreign exchange differences	(95,962)	(118,621)	(239,517)	(1,001)	-	(455,101)
As at 31 December 2020	**44,755,993**	**122,117,146**	**105,895,156**	**7,005,570**	**364,959**	**280,138,824**
Accumulated amortisation						
As at 1 January 2020	**(24,490,228)**	**(54,248,690)**	**(8,847)**	**-**	**-**	**(78,747,765)**
Amortisation	(6,801,644)	(5,128,356)	(4,808)	-	-	(11,934,808)
Disposals	5,580,429	119,832	-	-	-	5,700,261
Impairments	-	300,486	-	-	-	300,486
Transfers between asset categories	(323,106)	(547,425)	-	-	-	(870,531)
Foreign exchange differences	11,544	48,501	119	-	-	60,164
As at 31 December 2020	**(26,023,005)**	**(59,455,652)**	**(13,536)**	**-**	**-**	**(85,492,193)**
Net carrying amount as at 1 January 2020	**18,896,284**	**63,582,751**	**107,620,891**	**7,406,707**	**223,915**	**197,730,548**
Net carrying amount as at 31 December 2020	**18,732,988**	**62,661,494**	**105,881,620**	**7,005,570**	**364,959**	**194,646,631**

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2021	**44,755,993**	**122,117,146**	**105,895,156**	**7,005,570**	**364,959**	**280,138,824**
New acquisitions as a result of control obtained	8,015,053	12,253,336	-	97,923	18,950	20,385,262
New acquisitions	448,882	76,570	148,894,359	6,363,213	387,945	156,170,969
Disposals	(347,753)	(7,183)	-	(47,110)	(279,602)	(681,648)
Impairments	-	-	(873,366)	-	-	(873,366)
Transfers between asset categories	201,150	-	-	64,656	(201,150)	64,656
Transfer from ongoing investments	7,694,856	1,306,460	-	(9,001,316)	-	-
Foreign exchange differences	17,971	7,625	(263,151)	2,707	-	(234,848)
As at 31 December 2021	**60,786,152**	**135,753,954**	**253,652,998**	**4,485,643**	**291,102**	**454,969,849**
Accumulated amortisation						
As at 1 January 2021	**(26,023,005)**	**(59,455,652)**	**(13,536)**	**-**	**-**	**(85,492,193)**
New acquisitions as a result of control obtained	(3,334,813)	(7,848,526)	-	-	-	(11,183,339)
Amortisation	(7,892,334)	(5,332,338)	(5,252)	-	-	(13,229,924)
Disposals	262,355	6,834	-	-	-	269,189
Foreign exchange differences	(4,343)	1,171	(515)	-	-	(3,687)
As at 31 December 2021	**(36,992,140)**	**(72,628,511)**	**(19,303)**	**-**	**-**	**(109,639,954)**
Net carrying amount as at 1 January 2021	**18,732,988**	**62,661,494**	**105,881,620**	**7,005,570**	**364,959**	**194,646,631**
Net carrying amount as at 31 December 2021	**23,794,012**	**63,125,443**	**253,633,695**	**4,485,643**	**291,102**	**345,329,895**

All intangible assets presented herein are the property of the Group and are unpledged.

16.1 percent of all intangible assets in use on 31 December 2021 were fully amortised (compared to 13.1 percent as at 31 December 2020).

The intangible fixed assets as at 31 December 2021 were tested for impairment and it was determined that there is a need to impair the goodwill of Zagorski metalac d.o.o. by EUR 873,366.

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

(in EUR)	The Petrol Group	
	31 December 2021	31 December 2020
Crodux derivati dva d.o.o.	148,574,769	-
Instalacija d.o.o., Koper[1]	85,266,022	85,266,022
Euro-Petrol d.o.o.[2]	12,652,682	12,610,999
Vjetroelektrana Ljubač d.o.o.	2,584,691	2,576,176
Atet d.o.o.	2,434,972	2,434,972
Petrol-Jadranplin d.o.o.[3]	748,569	746,103
Vjetroelektrane Glunča d.o.o.	358,710	357,528
Crodux Plin d.o.o.	280,768	279,843
Petrol-Butan d.o.o.[4]	280,125	279,202
MBILLS d.o.o.	245,250	245,250
Adria-Plin d.o.o.	207,137	212,159
Zagorski metalac d.o.o.	-	873,366
Total goodwill	**253,633,695**	**105,881,620**

[1] Instalacija d.o.o. was merged into Petrol d.d., Ljubljana in 2013. The company is treated as a cash-generating unit of Petrol d.d., Ljubljana.
[2] Euro-Petrol d.o.o. was renamed Petrol d.o.o.
[3] Petrol-Jadranplin d.o.o. was renamed Petrol Plin d.o.o. and merged into Petrol d.o.o. in 2017.
[4] Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012, whereas the latter was merged into Petrol d.o.o. in 2017.

In 2021, the Group recognised goodwill from the acquisition of Crodux derivati dva d.o.o, which as at 31 December 2021 amounted to EUR 148,574,769. The impact on the financial statements is presented in Note 6.1.

In accordance with the IAS 36, goodwill was tested for impairment as at 31 December 2021 and it was determined that there is a need to impair the goodwill of Zagorski metalac d.o.o..

Based on the assessed value of the assets of the cash-generating unit Zagorski metalac d.o.o., the Group recognised the impairment of assets of EUR 4,519,397, of which EUR 873,366 relates to the impairment of goodwill and EUR 3,646,031 to the impairment of tangible assets. Lower value estimates are mainly a reflection of lower expectations regarding future cash flows due to the need to increase investment in fixed assets in the forecast period.

The recoverable amount of the acquired assets was assessed at the aggregate level of the acquired companies, except for the company Instalacija d.o.o., where the recoverable amount was assessed at the level of the cash-generating unit directly related to the assets acquired during the acquisition of the companies.

Goodwill was tested for impairment using the method of the current value of expected free cash flows, which are based on the future financial plans of cash-generating units. The assumptions used in the calculation of net cash flows (long-term growth rate of cash flows, cash flow projection, projection period, discount rate) are based on past operations and reasonably expected operations in the future. Cash flow projection periods reflect the operations and investment activities of individual companies. Growth rates of free cash flows are based on expected price growth rates.

For Crodux derivati dva d.o.o, 4-year financial plans of the cash-generating unit, the required rate of return of 12 percent after taxes and the annual growth rate of the remaining free cash flows (the residual value) of 0.9 percent were used in testing goodwill for impairment.

For Instalacija d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 8.29 percent before taxes (2020: 8 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 1.97 percent (2020: 1 percent) were used in testing goodwill for impairment.

For Petrol d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 8.5 percent before taxes (2020: 10.9 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2020: 2 percent) were used in testing goodwill for impairment. The testing of Petrol d.o.o.'s goodwill comprises goodwill arising from the absorption of Euro-Petrol d.o.o., Petrol-Jadranplin d.o.o., Crodux Plin d.o.o., Petrol Butan d.o.o.

For Atet d.o.o., 5-year financial plans of the cash-generating unit, the required rate of return of 7.4 percent before taxes (2020: 6.9 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2020: 2 percent) were used in testing goodwill for impairment.

For MBills d.o.o., 5-year financial plans of the cash-generating unit, the average required rate of return of 24.01 percent (2020:19.8 percent) after taxes and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2020: 2 percent) were used in testing goodwill for impairment. The cash flow projection period is based on plans for the development and growth of the company up to the period when the cash flows are expected to stabilise over the long term.

For Vjetroelektrane Glunča d.o.o., 21-year financial plans of the cash-generating unit and the required rate of return of

8.7 percent after taxes (2020: 9.5 percent) were used in testing goodwill for impairment. The value of the remaining cash flows was not taken into account in the calculation. The cash flow projection period corresponds to the life of the existing wind power plants and the concession agreement.

For Vjetroelektrana Ljubač d.o.o., the 25-year financial plans of the cash-generating unit and the average required rate of return of 8.5 percent after taxes (2020: 8.6 percent) were used in testing goodwill for impairment. The value of the remaining cash flows was not taken into account in the calculation. The cash flow projection period corresponds to the life of the existing wind power plants and the concession agreement.

For Adria-Plin d.o.o., 7-year financial plans of the cash-generating unit, the required rate of return of 8.4 percent after taxes (2020: 10.3 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2020: 1 percent) were used in testing goodwill for impairment.

For Zagorski metalac d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 8 percent after taxes (2020: 10.3 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 0 percent (2020: 0 percent) were used in testing goodwill for impairment.

The effect of changes in the discount rate or the long-term growth rate of the remaining free cash flows on the estimated fair value of assets is presented below:

Year 2020

	Key assumptions		Change in key assumptions					
(in EUR thousand)	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)	Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumtions change
			+ 0.5	-0.5	(18)	(11)	(27)	(16)
Adria-Plin d.o.o.	10.30%	1%	- 0.5	0.5	18	11	32	-
			+ 0.5	- 0.5	(714)	(611)	(1,215)	-
Atet d.o.o.	5.90%; 6.90%	2%	- 0.5	+ 0.5	876	750	1,832	-
			+ 0.5	-	(849)	-	(849)	(849)
EL-TEC Mulej d.o.o.	7.50%	-	- 0.5	-	883	-	883	-
			+ 0.5	- 0.5	(10,668)	(8,358)	(18,094)	-
Euro - Petrol d.o.o.	9.80%; 10.90%	2%	- 0.5	+ 0.5	11,947	9,353	22,611	-
			+ 0.5	-0.25	(11,000)	(4,400)	(14,700)	-
Instalacija d.o.o., Koper	8.00%	1%	- 0.5	+0.25	12,700	4,600	18,200	-
			+ 0.5	- 0.5	(798)	(598)	(1,317)	-
MBills d.o.o.	30.00%; 9.50%	2%	- 0.5	+ 0.5	(912)	684	1,716	-
			+ 0.5	-	(549)	-	(549)	-
Vjetroelektrane Glunča d.o.o.	9.50%	-	- 0.5	-	573	-	573	-
			+ 0.5	-	(1,581)	-	(1,581)	(1,163)
Vjetroelektrana Ljubač d.o.o.	5.60%; 9.00%	-	- 0.5	-	1,696	-	1,696	-
			+ 0.5	- 0.5	(327)	(210)	(515)	-
Zagorski metalac d.o.o.	10.30%	0%	- 0.5	+ 0.5	360	232	622	-

Year 2021

(in EUR thousand)	Change in key assumptions		Change in key assumptions		Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumtions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 0.5	- 0.5	(5)	(4)	(8)	(212)
Adria-Plin d.o.o.	8.41%	2%	- 0.5	+ 0.5	5	4	11	(193)
			+ 0.5	- 0.5	(803)	(660)	(1,350)	-
Atet d.o.o.	7.40%	2%	- 0.5	+ 0.5	968	796	1,963	-
			+ 0.5	- 0.5	(13,045)	(10,421)	(22,636)	-
Crodux derivati dva d.o.o.	10.00%; 12.00%	-0.90%	- 0.5	+ 0.5	14,097	11,269	26,415	-
			+ 0.5	- 0.5	(27,781)	25,870	(46,676)	-
Euro - Petrol d.o.o.	8.50%	2%	- 0.5	+ 0.5	32,420	(22,174)	63,518	-
			+ 0.5	-0.5	(13,167)	(10,469)	(22,051)	-
Instalacija d.o.o., Koper	8.29%	2%	- 0.5	+0.5	15,422	12,268	30,253	-
			+ 0.5	- 0.5	(166)	(125)	(278)	-
MBills d.o.o.	24.01%; 13.03%	2%	- 0.5	+ 0.5	182	136	335	-
			+ 0.5	-	(544)	-	(544)	-
Vjetroelektrane Glunča d.o.o.	8.70%	-	- 0.5	-	570	-	570	-
			+ 0.5	-	(1,413)	-	(1,413)	-
Vjetroelektrana Ljubač d.o.o.	8.70%	-	- 0.5	-	1,507	-	1,507	-

Overview of acquisitions resulting from a takeover of/control obtained over companies in 2021

(in EUR)	Material and other rights	Right to use concession infrastructure	Ongoing investments	Long-term deferred costs	Total net carrying amount
Crodux derivati dva d.o.o.	923,220	4,404,810	-	-	5,328,030
E 3, d.o.o.	3,757,020	-	97,923	18,950	3,873,893
New acquistions as a result of control obtained	**4,680,240**	**4,404,810**	**97,923**	**18,950**	**9,201,923**

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2021 (in EUR)

	The Petrol Group	
	31 December 2021	31 December 2020
Right to use natural gas distribution infrastructure in the municipality of Domžale	6,749,645	7,400,732
SAP software rights	5,119,767	4,727,058
Contracts with custommers (Crodux Plin d.o.o.)	3,751,426	5,158,211
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	3,736,864	3,896,949
Right to use natural gas distribution infrastructure in the municipality of Škofja Loka	3,401,814	3,516,102
Right to use natural gas distribution infrastructure in the municipality of Idrija	3,340,181	3,486,323

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2020	**34,712,923**	**107,489,063**	**87,712,518**	**6,731,484**	**223,915**	**236,869,903**
New acquisitions	-	-	-	8,385,005	138,411	8,523,416
Disposals	(5,592,402)	(48,402)	-	-	(198,517)	(5,839,321)
Impairments	-	(551,705)	(2,446,496)	-	-	(2,998,201)
Transfer between asset categories	-	1,368,777	-	72,736	-	1,441,513
Transfer from ongoing investments	5,787,678	3,202,702	-	(8,990,380)	-	-
As at 31 December 2020	**34,908,199**	**111,460,435**	**85,266,022**	**6,198,845**	**163,809**	**237,997,310**
Accumulated amortisation						
As at 1 January 2020	**(23,007,066)**	**(49,879,553)**	**-**	**-**	**-**	**(72,886,619)**
Amortisation	(4,426,020)	(4,216,921)	-	-	-	(8,642,941)
Disposals	5,588,642	47,450	-	-	-	5,636,092
Impairments	-	300,486	-	-	-	300,486
Transfer between asset categories	-	(870,531)	-	-	-	(870,531)
As at 31 December 2020	**(21,844,444)**	**(54,619,069)**	**-**	**-**	**-**	**(76,463,513)**
Net carrying amount as at 1 January 2020	**11,705,857**	**57,609,510**	**87,712,518**	**6,731,484**	**223,915**	**163,983,284**
Net carrying amount as at 31 December 2020	**13,063,755**	**56,841,366**	**85,266,022**	**6,198,845**	**163,809**	**161,533,797**

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2021	**34,908,199**	**111,460,435**	**85,266,022**	**6,198,845**	**163,809**	**237,997,310**
New acquisitions	-	1,444	-	3,685,370	387,945	4,074,759
Disposals	(341,562)	(7,050)	-	(47,110)	(274,961)	(670,683)
Transfer from ongoing investments	7,367,395	589,998	-	(7,957,393)		-
As at 31 December 2021	**41,934,032**	**112,044,827**	**85,266,022**	**1,879,712**	**276,793**	**241,401,386**
Accumulated amortisation						
As at 1 January 2021	**(21,844,444)**	**(54,619,069)**	**-**	**-**	**-**	**(76,463,513)**
Amortisation	(5,470,352)	(4,206,092)	-	-	-	(9,676,444)
Disposals	256,688	6,701	-	-	-	263,389
As at 31 December 2021	**(27,058,108)**	**(58,818,460)**	**-**	**-**	**-**	**(85,876,568)**
Net carrying amount as at 1 January 2021	**13,063,755**	**56,841,366**	**85,266,022**	**6,198,845**	**163,809**	**161,533,797**
Net carrying amount as at 31 December 2021	**14,875,924**	**53,226,367**	**85,266,022**	**1,879,712**	**276,793**	**155,524,818**

All intangible assets presented herein are owned by the Company and are unpledged.

13.5 percent of all intangible assets in use on 31 December 2021 were fully amortised (compared to 8.9 percent as at 31 December 2020).

Intangible fixed assets as at 31 December 2021 were tested for impairment and it was determined that there is no need for the impairment of intangible fixed assets.

In 2020, the Company tested intangible fixed assets for impairment and it was determined that there is a need to impair the goodwill of EL-TEC Mulej d.o.o. by 2,446,296 and the right to use the concession infrastructure by EUR 251,219.

Goodwill
As at 31 December 2021, the Company disclosed goodwill arising from the merger by absorption of Instalacija d.o.o..

In 2013, the merger by absorption of Instalacija d.o.o. resulted in goodwill in the amount of EUR 85,266,022. In 2013, the difference between the net asset value of the merged company, which also includes goodwill, and the investment in the amount of EUR 53,452,160 in the amount of EUR 12,938,309 was recognised in retained earnings, while the remaining difference in the amount of EUR 40,513,851 was recognised in the financial statements of Petrol d.d., Ljubljana as a fair value reserve.

In 2021, the Company tested goodwill for impairment. It was determined that there is no need for the impairment of goodwill.

The assumptions used in impairment testing and the effects recognised in the Company's financial statements have been explained as part of goodwill disclosure relating to the Group.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2021 (in EUR)

	Petrol d.d.	
	31 December 2021	31 December 2020
Right to use natural gas distribution infrastructure in the municipality of Domžale	6,749,645	7,400,732
SAP software rights	5,119,767	4,727,058
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	3,736,864	3,896,949
Right to use natural gas distribution infrastructure in the municipality of Škofja Loka	3,401,814	3,516,102
Right to use natural gas distribution infrastructure in the municipality of Idrija	3,340,181	3,486,323

6.16 Right-of-use assets

Right-of-use assets of the Petrol Group

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2020	**44,524,592**	**32,711,406**	**5,099,421**	**82,335,419**
New acquistions	-	5,533,630	922,450	6,456,080
Disposals	(689,581)	(6,141,585)	(51,913)	(6,883,079)
Foreign exchange differences	(150,032)	(311,899)	(4,241)	(466,172)
As at 31 December 2020	**43,684,979**	**31,791,552**	**5,965,717**	**81,442,248**
Accumulated depreciation				
As at 1 January 2020	**(3,109,854)**	**(5,905,560)**	**(1,781,056)**	**(10,796,470)**
Depreciation	(3,119,139)	(5,275,933)	(1,744,693)	(10,139,765)
Disposals	18,325	1,754,754	48,008	1,821,087
Foreign exchange differences	13,218	59,529	1,759	74,506
As at 31 December 2020	**(6,197,450)**	**(9,367,210)**	**(3,475,982)**	**(19,040,642)**
Net carrying amount as at 1 January 2020	**41,414,738**	**26,805,846**	**3,318,365**	**71,538,949**
Net carrying amount as at 31 December 2020	**37,487,529**	**22,424,342**	**2,489,735**	**62,401,606**

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2021	**43,684,979**	**31,791,552**	**5,965,717**	**81,442,248**
New acquistions as a result of control obtained	26,299,180	34,490,847	495,114	61,285,141
New acquistions	69,593	8,012,016	786,309	8,867,918
Disposals	(2,444,480)	(5,708,241)	(480,935)	(8,633,656)
Foreign exchange differences	(20,858)	5,037	598	(15,223)
As at 31 December 2021	**67,588,414**	**68,591,211**	**6,766,803**	**142,946,428**
Accumulated depreciation				
As at 1 January 2021	**(6,197,450)**	**(9,367,210)**	**(3,475,982)**	**(19,040,642)**
New acquistions as a result of control obtained	(4,951,737)	(8,517,443)	(189,362)	(13,658,542)
Depreciation	(3,437,050)	(7,773,293)	(1,592,426)	(12,802,769)
Disposals	169,421	4,631,933	380,573	5,181,927
Foreign exchange differences	3,205	(7,520)	(575)	(4,890)
As at 31 December 2021	**(14,413,611)**	**(21,033,533)**	**(4,877,772)**	**(40,324,916)**
Net carrying amount as at 1 January 2021	**37,487,529**	**22,424,342**	**2,489,735**	**62,401,606**
Net carrying amount as at 31 December 2021	**53,174,803**	**47,557,678**	**1,889,031**	**102,621,512**

Overview of acquisitions resulting from a takeover of/control obtained over companies in 2021

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total net carrying amount
Crodux derivati dva d.o.o.	21,347,443	25,936,450	223,338	47,507,231
E 3, d.o.o.	-	36,954	82,414	119,368
New acquistions as a result of control obtained	**21,347,443**	**25,973,404**	**305,752**	**47,626,599**

Right-of-use assets of Petrol d.d., Ljubljana

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2020	**32,908,459**	**1,015,136**	**4,463,798**	**38,387,393**
New acquisitions	-	4,377	922,450	926,827
Disposals	(689,581)	(89,282)	(47,735)	(826,598)
As at 31 December 2020	**32,218,878**	**930,231**	**5,338,513**	**38,487,622**
Accumulated depreciation				
As at 1 January 2020	**(2,162,182)**	**(303,738)**	**(1,574,909)**	**(4,040,829)**
Depreciation	(2,143,857)	(214,456)	(1,527,174)	(3,885,487)
Disposals	18,325	89,282	47,735	155,342
As at 31 December 2020	**(4,287,714)**	**(428,912)**	**(3,054,348)**	**(7,770,974)**
Net carrying amount as at 1 January 2020	**30,746,277**	**711,398**	**2,888,889**	**34,346,564**
Net carrying amount as at 31 December 2020	**27,931,164**	**501,319**	**2,284,165**	**30,716,648**

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2021	**32,218,878**	**930,231**	**5,338,513**	**38,487,622**
New acquisitions	-	947,901	193,304	1,141,205
Disposals	-	-	(134,354)	(134,354)
As at 31 December 2021	**32,218,878**	**1,878,132**	**5,397,463**	**39,494,473**
Accumulated depreciation				
As at 1 January 2021	**(4,287,714)**	**(428,912)**	**(3,054,348)**	**(7,770,974)**
Depreciation	(2,122,086)	(537,906)	(1,323,036)	(3,983,028)
Disposals	-	-	134,352	134,352
As at 31 December 2021	**(6,409,800)**	**(966,818)**	**(4,243,032)**	**(11,619,650)**
Net carrying amount as at 1 January 2021	**27,931,164**	**501,319**	**2,284,165**	**30,716,648**
Net carrying amount as at 31 December 2021	**25,809,078**	**911,314**	**1,154,431**	**27,874,823**

The Group holds land, buildings and various equipment under a lease. The term of a lease depends on the type of the leased asset. It can be:

- from 5 to 30 years for land,
- from 5 to 20 years for buildings,
- from 1 to 10 years for equipment.

The lessee's lease payment liabilities are not secured. The Group applies an exemption allowed by the standard to the recognition of liabilities arising from short-term leases and leases of low-value assets. Lease payments are fixed and stipulated in the contract.

Extension and termination options

Lease contracts can be terminated if the parties do not honour contractual obligations or if there is a mutual agreement to terminate the contract. Options to extend the contracts have not been provided for.

6.17 Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2020	**217,739,798**	**723,021,907**	**4,732,655**	**329,048,249**	**56,142,718**	**1,330,685,327**
New acquisitions as a result of control obtained	-	-	-	-	1,910,082	1,910,082
New acquisitions	-	-	-	-	68,400,698	68,400,698
Disposals	(350,211)	(1,995,224)	(29,908)	(9,997,674)	(158,364)	(12,531,381)
Impairments	(1,248,001)	(2,807,464)	(229,783)	(1,536,949)	-	(5,822,197)
Reallocation of goodwill	-	-	-	297,715	-	297,715
Transfer between asset categories	719,507	7,815,086	-	(2,798,881)	(987,699)	4,748,013
Transfer from ongoing investments	2,329,818	36,509,476	487,137	33,908,747	(73,235,178)	-
Transfer to investment property	-	(14,075,325)	-	-	(754,148)	(14,829,473)
Foreign exchange differences	(896,531)	(1,923,293)	(4,787)	(1,089,785)	(58,130)	(3,972,526)
As at 31 December 2020	**218,294,380**	**746,545,163**	**4,955,314**	**347,831,422**	**51,259,979**	**1,368,886,258**
Accumulated depreciation						
As at 1 January 2020	**-**	**(428,928,691)**	**(2,097,886)**	**(189,726,587)**	**-**	**(620,753,164)**
Depreciation	-	(25,087,406)	(312,590)	(26,355,230)	-	(51,755,226)
Disposals	-	909,188	2,585	6,661,142	-	7,572,915
Impairments	-	205,794	-	532,073	-	737,867
Transfer between asset categories	-	(4,598,534)	-	706,225	-	(3,892,309)
Transfer to investment property	-	7,964,325	-	-	-	7,964,325
Foreign exchange differences	-	875,742	4,231	566,982	-	1,446,955
As at 31 December 2020	**-**	**(448,659,582)**	**(2,403,660)**	**(207,615,395)**	**-**	**(658,678,637)**
Net carrying amount as at 1 January 2020	**217,739,798**	**294,093,216**	**2,634,769**	**139,321,662**	**56,142,718**	**709,932,163**
Net carrying amount as at 31 December 2020	**218,294,380**	**297,885,581**	**2,551,654**	**140,216,027**	**51,259,979**	**710,207,621**

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2021	**218,294,380**	**746,545,163**	**4,955,314**	**347,831,422**	**51,259,979**	**1,368,886,258**
New acquisitions as a result of control obtained	28,967,244	108,494,151	8,253,769	33,399,447	2,331,159	181,445,770
New acquisitions	-	252,855	6,318	5,507,518	41,935,717	47,702,408
Disposals	(642,520)	(2,375,310)	(177,107)	(13,283,064)	(676,606)	(17,154,607)
Impairments	(1,017,963)	(5,091,199)	-	(2,129,031)	(596,686)	(8,834,879)
Transfer between asset categories	-	307,567	(306,624)	926,878	(80,909)	846,912
Transfer from ongoing investments	1,325,712	16,462,039	487,228	15,559,128	(33,834,107)	-
Transfer to investment property	(3,463)	(551,235)	-	-	-	(554,698)
Transfer from investment property	-	2,652,014	-	-	-	2,652,014
Foreign exchange differences	172,854	266,719	(2,792)	208,887	98,617	744,285
As at 31 December 2021	**247,096,244**	**866,962,764**	**13,216,106**	**388,021,185**	**60,437,164**	**1,575,733,463**
Accumulated depreciation						
As at 1 January 2021	**-**	**(448,659,582)**	**(2,403,660)**	**(207,615,395)**	**-**	**(658,678,637)**
New acquisitions as a result of control obtained	-	(74,088,161)	(5,960,151)	(28,394,787)	-	(108,443,099)
Depreciation	-	(25,364,575)	(743,218)	(25,582,103)	-	(51,689,896)
Disposals	-	1,004,879	175,380	9,961,870	-	11,142,129
Impairments	-	693,637	-	1,415,090	-	2,108,727
Transfer between asset categories	-	1,984	(2,408)	424	-	-
Transfer to investment property	-	119,521	-	-	-	119,521
Transfer from investment property	-	(2,388,194)	-	-	-	(2,388,194)
Foreign exchange differences	-	(93,107)	2,121	(108,317)	-	(199,303)
As at 31 December 2021	**-**	**(548,773,598)**	**(8,931,936)**	**(250,323,218)**	**-**	**(808,028,752)**
Net carrying amount as at 1 January 2021	**218,294,380**	**297,885,581**	**2,551,654**	**140,216,027**	**51,259,979**	**710,207,621**
Net carrying amount as at 31 December 2021	**247,096,244**	**318,189,166**	**4,284,170**	**137,697,967**	**60,437,164**	**767,704,711**

59 percent of all items of property, plant and equipment in use on 31 December 2021 were fully depreciated (compared to 55 percent as at 31 December 2020).

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Group are unpledged.

Assets held under finance lease

None of the Group's assets are held under finance lease.

When testing asset impairment indicators, the Group determined that the carrying amount of the assets of the cash-generating unit Zagorski metalac d.o.o., cash-generating unit of biogas plants, certain land, buildings and certain investments in progress exceeded the fair value and value in use of these assets. Lower value estimates are mainly a reflection of the lower expectations regarding future cash flows. Therefore, the Group impaired the assets of the cash-generating units as at 31 December 2021 by EUR 6,726,152, based on independent appraisals and internal assessments.

The assumptions used in estimating the value of the cash-generating unit Zagorski metalac d.o.o. and the effects recognised in the Group's financial statements have been explained as part of the goodwill disclosure relating to the Group.

To assess the value of the fixed assets of the cash-generating unit of biogas plants, the 3-year financial plans of the cash-generating unit, showing negative cash flow, were used. Based on this, the Group impaired the total assets of the cash-generating unit of biogas plants by EUR 1,320,938.

To estimate the value of the land, buildings and investments in progress, the Group used the model of comparable market prices less the costs of the sale and impairment of land, buildings and investments in progress in the amount of EUR 1,759,183 based on independent appraiser estimates and internal estimates.

In 2020, when testing asset impairment indicators, the Group determined that the carrying amount of the assets of the cash-generating units El-Tec Mulej d.o.o., Ekoen d.o.o. and Petrol Montenegro MNE d.o.o. exceeded the fair value and value in use of these assets. Therefore, the Group impaired the assets of the cash-generating units by EUR 6,233,941.

Overview of acquisitions resulting from a takeover of/control obtained over companies in 2021

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total net carrying amount
Crodux derivati dva d.o.o.	28,693,571	32,565,585	331,132	5,003,260	1,313,536	**67,907,084**
E 3, d.o.o.	273,673	1,840,405	1,962,486	1,400	1,017,623	**5,095,587**
New acquistions as a result of control obtained	**28,967,244**	**34,405,990**	**2,293,618**	**5,004,660**	**2,331,159**	**73,002,671**

Overview of groups of investments in property, plant and equipment in 2021 including investments in excess of EUR 1,200,000

(in EUR)	2021
Energy management of buildings	10,060,984
Investments in wind farms	5,851,030
Purchase of vehicles	3,969,470
Investments in third-party fixed assets (Zaječar Public Lightning)	2,730,137
Geoplin office building - technical tract	2,446,671
Investment in a storage facility	2,373,940
E 3 office building	1,834,746

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2020	**103,350,635**	**535,951,087**	**247,981,148**	**44,292,962**	**931,575,832**
New acquisitions	-	-	-	30,548,494	30,548,494
Disposals	(350,211)	(1,957,394)	(7,016,822)	(158,364)	(9,482,791)
Impairments	-	(2,466,763)	(1,536,949)	-	(4,003,712)
Transfers between asset categories	(167,215)	4,935,901	80,304	(72,736)	4,776,254
Transfer from ongoing investments	14,375	30,879,533	25,732,958	(56,626,866)	-
Transfer to investment property	-	(30,442)	-	(754,148)	(784,590)
As at 31 December 2020	**102,847,584**	**567,311,922**	**265,240,639**	**17,229,342**	**952,629,487**
Accumulated depreciation					
As at 1 January 2020	**-**	**(381,759,290)**	**(161,585,211)**	**-**	**(543,344,501)**
Depreciation	-	(16,048,512)	(17,495,993)	-	(33,544,505)
Disposals	-	871,231	5,937,392	-	6,808,623
Impairments	-	205,794	532,073	-	737,867
Transfers between asset categories	-	(3,899,012)	6,703	-	(3,892,309)
Transfer to investment property	-	30,442	-	-	30,442
As at 31 December 2020	**-**	**(400,599,347)**	**(172,605,036)**	**-**	**(573,204,383)**
Net carrying amount as at 1 January 2020	**103,350,635**	**154,191,797**	**86,395,937**	**44,292,962**	**388,231,331**
Net carrying amount as at 31 December 2020	**102,847,584**	**166,712,575**	**92,635,603**	**17,229,342**	**379,425,104**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2021	**102,847,584**	**567,311,922**	**265,240,639**	**17,229,342**	**952,629,487**
New acquisitions	-	-	-	21,901,672	21,901,672
Disposals	(360,494)	(935,220)	(8,119,724)	(676,606)	(10,092,044)
Impairments	(1,017,963)	(1,445,168)	(2,129,031)	-	(4,592,162)
Transfers between asset categories	-	943	926,878	(16,253)	911,568
Transfer from ongoing investments	1,324,989	12,089,495	10,707,788	(24,122,272)	-
Transfer from investment property	-	353,455	-	-	353,455
As at 31 December 2021	**102,794,116**	**577,375,427**	**266,626,550**	**14,315,883**	**961,111,976**
Accumulated depreciation					
As at 1 January 2021	**-**	**(400,599,347)**	**(172,605,036)**	**-**	**(573,204,383)**
Depreciation	-	(15,896,530)	(16,386,240)	-	(32,282,770)
Disposals	-	881,829	7,868,781	-	8,750,610
Impairments	-	693,637	1,415,090	-	2,108,727
Transfers between asset categories	-	(424)	424	-	-
Transfer from investment property	-	(222,003)	-	-	(222,003)
As at 31 December 2021	**-**	**(415,142,838)**	**(179,706,981)**	**-**	**(594,849,819)**
Net carrying amount as at 1 January 2021	**102,847,584**	**166,712,575**	**92,635,603**	**17,229,342**	**379,425,104**
Net carrying amount as at 31 December 2021	**102,794,116**	**162,232,589**	**86,919,569**	**14,315,883**	**366,262,157**

38.4 percent of all items of property, plant and equipment in use on 31 December 2021 were fully depreciated (compared to 34.2 percent as at 31 December 2020).

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are unpledged.

Assets held under finance lease

The Company has no property, plant and equipment under finance lease.

In accordance with the IAS 36 and based on external and internal sources of information and factors, the Company checked whether there was an indication that the assets may be impaired as at 31 December 2021. When testing asset impairment indicators, the Group determined that the carrying amount of the assets of the cash-generating unit of biogas plants, certain land, buildings and certain investments in progress exceeded the fair value and value in use of these assets.

To assess the value of the fixed assets of the cash-generating unit of biogas plants, the 3-year financial plans of the cash-generating unit, showing negative cash flow, were used. Based on this, the Company impaired the total assets of the cash-generating unit of biogas plants by EUR 1,320,938.

To estimate the value of the land, buildings and investments in progress, the Company used the model of comparable market prices less the costs of sale and impairment of land and buildings in the amount of EUR 1,162,497 based on independent appraiser estimates and internal estimates.

In 2020, when testing asset impairment indicators, the Group determined the need to impair the cash-generating unit EL-TEC Mulej by EUR 3,265,845.

Overview of groups of investments in property, plant and equipment in 2021 including investments in excess of EUR 1,200,000

(in EUR)	2021
Energy management of buildings	10,060,984
Investment in a storage facility	2,373,940

6.18 Investment property

Investment property comprises buildings (storage facilities, car washes, bars) being leased out by the Group/Company.

(in EUR)	The Petrol Group Investment property	Petrol d.d. Investment property
Cost		
As at 1 January 2020	**36,335,562**	**35,351,947**
Disposals	(241,532)	(241,532)
Impairments	(3,571,076)	(999,168)
Transfer between asset categories	(6,217,766)	(6,217,766)
Transfer from property, plant and equipment	14,829,474	784,591
As at 31 December 2020	**41,134,662**	**28,678,072**
Accumulated depreciation		
As at 1 January 2020	**(19,504,258)**	**(18,987,754)**
Depreciation	(1,164,368)	(1,128,294)
Impairments	257,460	257,460
Transfer between asset categories	4,762,840	4,762,840
Transfer from property, plant and equipment	(7,964,325)	(30,442)
As at 31 December 2020	**(23,612,650)**	**(15,126,190)**
Net carrying amount as at 1 January 2020	**16,831,304**	**16,364,192**
Net carrying amount as at 31 December 2020	**17,522,012**	**13,551,882**

(in EUR)	The Petrol Group Investment property	Petrol d.d. Investment property
Cost		
As at 1 January 2021	**41,134,662**	**28,678,072**
New acquistions as a result of control obtained	120,243	-
Impairments	(2,616,094)	(516,016)
Transfer between asset categories	16,297	16,297
Transfer to property, plant and equipment	(2,652,014)	(353,455)
Transfer from property, plant and equipment	554,698	-
Foreign exchange differences	19,587	-
As at 31 December 2021	**36,577,379**	**27,824,898**
Accumulated depreciation		
As at 1 January 2021	**(23,612,650)**	**(15,126,190)**
Depreciation	(1,369,169)	(754,429)
Impairments	2,288,415	169,712
Transfer to property, plant and equipment	2,388,194	222,003
Transfer from property, plant and equipment	(119,521)	-
Foreign exchange differences	(12,905)	-
As at 31 December 2021	**(20,437,636)**	**(15,488,904)**
Net carrying amount as at 1 January 2021	**17,522,012**	**13,551,882**
Net carrying amount as at 31 December 2021	**16,139,743**	**12,335,994**

The Petrol Group
After assessing the intended use of the property and the long-term goals pursued as at 31 December 2021, the Group determined that certain property held by the Group meets the criteria to be classified as investment property. The Group transferred property of EUR 435,177 (2020: EUR 6,865,149 EUR) from fixed assets to investment property and EUR 263,820 from investment property to fixed assets as a result.

In 2021, revenue generated by the Group from investment property totalled EUR 3,664,417 (2020: EUR 2,936,604). The Group estimates that the fair value of investment property as at 31 December 2021 amounts to EUR 28,624,904 (31 December 2020: EUR 32,934,232). The Group assesses fair value using the standardised cash flows capitalisation method, whereby cash flows consist mainly of rents received from the lease of investment property.

To assess the fair value of investment property, the required rate of return from 8.95 to 11.95 percent after taxes (2020: from 8.95 to 11.95 percent) and the long-term growth rate of lease payments from 0.05 to 1 percent (2020: from 0.05 to 1 percent) were used.

In the process of testing investment property impairment indicators, the Group found that the carrying amount of individual investment property exceeded the fair value and value in use of these assets. Therefore, the Group impaired investment property as at 31 December 2021 by EUR 327,679 (31 December 2020: EUR 3,313,616), based on internal assessments.

Overview of acquisitions resulting from a takeover of/ control obtained over companies in 2021

(in EUR)	Investment property
Crodux derivati dva d.o.o.	120,243
New acquistions as a result of control obtained	**120,243**

Petrol d.d., Ljubljana
In 2021, revenue generated by the Company from investment property totalled EUR 3,060,974 (2020: EUR 2,336,056). The Company estimates that the fair value of investment property as at 31 December 2021 amounts to EUR 23,184,416 (31 December 2020: EUR 27,317,468). The Company assesses fair value using the standardised cash flows capitalisation method, whereby cash flows consist mainly of rents received from the lease of investment property. A 0.05 percent growth (2020: 0.05 percent) and a required rate of return of 8.95 percent (2020: 8.95 percent) are assumed.

In the process of testing investment property impairment indicators, the Company found that the carrying amount of individual investment property exceeded the fair value and value in use of these assets. Therefore, The Company impaired investment property as at 31 December 2021 by EUR 346,304 (31 December 2020: EUR 741,708), based on internal assessments.

6.19 Investments in subsidiaries

The Petrol Group
In the preparation of the Group's financial statements, investments in subsidiaries are eliminated on consolidation. A more detailed overview of the Group's structure is presented in the chapter *Companies in the Petrol Group* of the business report.

Petrol d.d., Ljubljana

Information about direct subsidiaries as at 31 December 2021
The directly owned subsidiaries of Petrol d.d., Ljubljana are as follows:

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31 December 2021 (in EUR)	Net profit or loss for 2021 (in EUR)
Slovenia				
IGES d.o.o.	Dunajska cesta 50, Ljubljana, Slovenia	100%	15,829,559	16,323
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	100%	815,957	(406)
Petrol GEO d.o.o.	Mlinska ulica 5d, Lendava, Slovenia	100%	2,187,429	1,319,361
Ekoen d.o.o.	Luče 117A, Luče, Slovenia	100%	777,662	10,054
Ekoen S d.o.o.	Ljubljanska cesta 35, Domžale, Slovenia	100%	15,330	7,015
MBills d.o.o.	Tržaška cesta 118, Ljubljana, Slovenia	100%	4,545,214	(1,125,601)
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	74.28%	157,991,783	17,507,250
Atet d.o.o.[1]	Devova ulica 6A, Ljubljana, Slovenia	72.96%	2,169,734	288,833
E 3, d.o.o.	Prvomajska ulica 21, Nova Gorica, Slovenia	100%	15,760,804	579,292

Croatia				
Petrol d.o.o.	Oreškovićeva 6H, Zagreb, Croatia	100%	208,248,827	22,859,316
Crodux derivati dva d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	38,463,615	11,974,800
Vjetroelektrane Glunča d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	11,796,227	1,311,943
Vjetroelektrana Ljubač d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	7,899,024	523,514
Zagorski metalac d.o.o.[2]	Celine 2, Zabok, Croatia	75%	9,125,420	381,981
Serbia				
Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	32,297,689	3,167,892
Beogas d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	21,447,355	2,044,124
Petrol LPG d.o.o.	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	10,756,386	(117,091)
STH Energy d.o.o. Kraljevo	Miloša Velikog 52-2/14, Kraljevo, Serbia	80%	515,474	(32,731)
Montenegro				
Petrol Crna Gora MNE d.o.o.	Josipa Broza Tita 19, Podgorica, Montenegro	100%	21,549,882	1,213,769
Other countries				
Petrol BH Oil Company d.o.o. Sarajevo	Tešanjska 24 a, Sarajevo, Bosnia and Herzegovina	100%	69,110,614	3,485,218
Petrol Hidroenergija d.o.o. Teslić	Branka Radičevića 1, Teslić, Bosnia and Herzegovina	80%	7,195,384	562,821
Petrol Power d.o.o. Sarajevo	Tešanjska 24a, Sarajevo, Bosnia and Herzegovina	99.75%	(1,945,272)	(202,272)
Petrol Trade Handelsgesellschaft m.b.H.	Elisabethstrasse 10 Top 4 u.5, Vienna, Austria	100%	1,999,904	438,820
Petrol-Energetika DOOEL Skopje	Ul. Sv. Kiril i Metodij 20, Skopje, Macedonia	100%	111,118	1,661
Petrol Bucharest ROM S.R.L.	B-dul Tudor Vladimirescu 22, Sector 5, Bucharest, Romania	100%	(84,759)	3,253
Petrol-OTI-Terminal L.L.C.	Miradi e Epeme b.b., Kosovo Polje, Kosovo	100%	8,561,507	2,877

[1] Petrol d.d., Ljubljana has 76% of voting rights in the company Atet d.o.o.
[2] The subsidiary Geoplin d.o.o. Ljubljana owns a 25-percent interest in Zagorski metalac d.o.o. In total, the Group has a 93.57-percent interest in Zagorski metalac d.o.o.

Information about indirect subsidiaries as at 31 December 2021

The companies Petrol LPG d.o.o. Beograd, Petrol d.o.o. Beograd, Petrol d.o.o., Geoplin d.o.o. and Ekoen d.o.o. are the controlling companies of the Petrol LPG Group, the Petrol Beograd Group, the IGES Group, the Petrol Zagreb Group, the Geoplin Group and the Ekoen Group, respectively. The subsidiaries from these groups are presented in the table below.

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31 December 2021 (in EUR)	Net profit or loss for 2021 (in EUR)
The Petrol LPG Group				
Tigar Petrol d.o.o. Beograd	Kosovska 17, Beograd (Stari Grad), Serbia	100%	(324,190)	(111,421)
Petrol LPG HIB d.o.o.	Preduzetnička zona bb, Šamac, Bosnia and Herzegovina	100%	(77,861)	54,823
The Petrol Beograd Group				
Petrol Lumennis PB JO d.o.o. Beograd	Patrijarha Dimitrija 12v, Beograd, Serbia	100%	1,155	996
Petrol Lumennis VS d.o.o. Beograd	Patrijarha Dimitrija 12v, Beograd, Serbia	100%	1,117	858
Petrol Lumennis ZA JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	685	684
Petrol Lumennis ŠI JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	66	65
Petrol Lumennis ŠI JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	1	-
The IGES Group				
Vitales d.o.o. Bihać - u stečaju[1]	Naselje Ripač b.b., Bihać, Bosnia and Herzegovina	100%	-	-
The Petrol Zagreb Group				
Petrol javna rasvjeta d.o.o.	Oreškovićeva 6h, Zagreb, Croatia	100%	71,388	29,213
ADRIA-PLIN d.o.o.	Ulica Stinice 15, Kastel Gomilica, Croatia	75%	72,795	(88,370)
The Geoplin Group				
Geocom d.o.o.	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	100%	432,226	-

Geoplin d.o.o.	Radnička cesta 39, Zagreb, Croatia	100%	1,389,562	556,565
Geoplin d.o.o. Beograd	Zelenogorska ulica broj 1g, 11070 Novi Beograd, Serbia	100%	37,994	-
The Ekoen Group				
Ekoen GG d.o.o.	Luče 117a, Luče, Slovenia	100%	(31,327)	(19,465)

[1] The company is in bankruptcy proceedings.

Balance of investments in subsidiaries

	Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020
Crodux derivati dva d.o.o.	191,700,000	-
Petrol d.o.o.	136,133,985	136,133,985
Geoplin d.o.o. Ljubljana	56,901,637	56,901,637
Petrol BH Oil Company d.o.o. Sarajevo	34,537,990	34,537,990
Petrol d.o.o. Beograd	23,602,819	23,602,819
Petrol Crna Gora MNE d.o.o.	19,396,000	19,396,000
IGES d.o.o.	15,774,400	15,774,400
E 3, d.o.o.	14,950,000	-
Beogas d.o.o. Beograd	12,774,000	12,774,000
Vjetroelektrarna Ljubač d.o.o.	9,056,761	1,556,760
Zagorski metalac d.o.o.	7,600,316	7,921,915
Vjetroelektrane Glunča d.o.o.	6,523,622	6,523,622
MBills d.o.o.	5,955,122	12,128,514
Petrol Hidroenergija d.o.o. Teslić	5,000,409	5,000,409
Petrol LPG d.o.o.	4,770,601	9,457,948
Atet d.o.o.	4,044,396	4,044,396
Petrol - OTI - Terminal L.L.C.	1,805,000	1,805,000
Ekoen d.o.o.	1,249,867	1,249,867
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol GEO d.o.o.	697,020	697,020
STH Energy d.o.o. Kraljevo	467,868	467,868
Petrol Trade Handelsgesellschaft m.b.H.	147,830	147,830
Ekoen S d.o.o.	50,737	50,737
Petrol-Energetika DOOEL Skopje	25,000	25,000
Petrol Bucharest ROM S.R.L.	10,000	10,000
Petrol Praha CZ S.R.O.	-	9,958
Petrol Trade Slovenija L.L.C.	-	1,000
Petrol Power d.o.o. Sarajevo	-	-
Total investments in subsidiaries	**553,970,331**	**351,013,627**

The impact of changes in the discount rate or long-term growth rate of residual free cash flow on the estimated fair value of investments is shown below:

Year 2020

(in EUR thousand)	Key assumptions		Change in key assumptions		Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumtions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 0.5	- 0.5	(6,879)	(8,016)	(17,348)	-
Petrol d.o.o.	9.80%; 10.90%	2%	- 0.5	+ 0.5	7,687	8,960	21,669	-
			+ 0.5	- 0.25	(2,700)	(2,100)	(500)	-
Petrol d.o.o. Beograd	9.60%	2.20%	- 0.5	+0.25	3,000	2,400	5,500	-
			+ 0.5	- 0.5	(1,300)	(1,000)	(2,200)	(896)
Petrol Crna Gora MNE d.o.o.	10.70%	1.70%	- 0.5	+ 0.5	1,400	1,000	2,600	-
			+ 0.5	- 0.5	(512)	(439)	(872)	-
Atet d.o.o.	5.90%; 6.90%	2.20%	- 0.5	+ 0.5	629	538	1,315	-
			+ 0.5	- 0.5	(234)	(151)	(368)	(368)
Zagorski metalac d.o.o.	10.00%	0%	- 0.5	+ 0.5	257	166	445	-
			+ 0.5	- 0.5	(109)	(86)	(180)	(180)
Ekoen d.o.o.	7.00%	2%	- 0.5	+ 0.5	133	106	268	
			+ 0.5	- 0.5	(798)	(598)	(1,317)	(1,161)
MBills d.o.o.	30.00%; 9.50%	2%	- 0.5	+ 0.5	912	684	1,716	-
			+ 0.5	- 0.5	(3,252)	(2,370)	(5,302)	-
Geoplin d.o.o. Ljubljana	8.50%	1%	- 0.5	+ 0.5	3,711	2,709	6,898	-
			+ 0.5	-	(549)	-	(549)	-
Vjetroelektrana Glunča d.o.o.	9.50%	-	- 0.5	-	573	-	573	-
			+ 0.5	-	(1,444)	-	(1,444)	(692)
Vjetroelektrane Ljubač d.o.o.	9.00%	-	- 0.5	-	1,550	-	1,550	-
			+ 0.5	-	(175)	-	(175)	-
Petrol Hidroenergija d.o.o. Teslić	9.38%	-	- 0.5	-	182	-	182	-

Year 2021

(in EUR thousand)	Key assumptions		Change in key assumptions		Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumtions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 0.5	- 0.5	(27,282)	(21,776)	(45,837)	-
Petrol d.o.o.	8.50%	2%	- 0.5	+ 0.5	31,836	25,404	62,374	-
			+ 0.5	- 0.5	(10,420)	(13,045)	(22,636)	-
Crodux derivati dva d.o.o.	10.00%; 12.00%	-0.90%	- 0.5	+ 0.5	11,269	14,097	26,415	-
			+ 0.5	- 0.5	(6,137)	(3,726)	(9,278)	(5,855)
Petrol d.o.o. Beograd	9.30%	2.20%	- 0.5	+ 0.5	7,131	4,286	12,315	-
			+ 0.5	- 0.5	(1,255)	(548)	(1,734)	(1,297)
Petrol Crna Gora MNE d.o.o.	11.50%	1.70%	- 0.5	+ 0.5	1,386	607	2,089	-
			+ 0.5	- 0.5	(1,220)	(7,037)	(2,193)	(3,220)
E 3, d.o.o.	8.50%	1.90%	- 0.5	+ 0.5	1,422	(4,599)	2,976	395
			+ 0.5	-	(1,413)	-	(1,413)	-
Vjetroelektrane Ljubač d.o.o.	8.70%	-	- 0.5	-	1,507	-	1,507	-
			+ 0.5	- 0.5	(292)	(335)	(582)	(898)
Zagorski metalac d.o.o.	6.80%; 8.00%	2%	- 0.5	+ 0.5	345	397	817	-

			+ 0.5	-	(544)	-	(544)	-
Vjetroelektrana Glunča d.o.o.	8.70%	-	- 0.5	-	570	-	570	-
			+ 0.5	- 0.5	(165)	(124)	(278)	(278)
MBills d.o.o.	24.04%; 14.03%	2%	- 0.5	+ 0.5	183	137	335	-
			+ 0.5	-	(182)	-	(182)	-
Petrol Hidroenergija d.o.o. Teslić	9.10%	-	- 0.5	-	194	-	194	-
			+ 0.5	- 0.5	(534)	(397)	(888)	(791)
Petrol LPG d.o.o.	11.20%; 11.70%	2%	- 0.5	+ 0.5	593	440	1,091	-
			+ 0.5	- 0.5	(588)	(483)	(988)	(185)
Atet d.o.o.	7.40%	2%	- 0.5	+ 0.5	708	582	1,437	-

Changes in investments in subsidiaries

	Petrol d.d.	
(in EUR)	2021	2020
As at 1 January	**351,013,627**	**341,346,801**
New acquisitions	214,150,000	10,826,202
Impairment	(11,193,296)	(1,159,376)
As at 31 December	**553,970,331**	**351,013,627**

Major new acquisitions of investments in subsidiaries were as follows in 2021:

- Acquisition of a 100-percent interest in Crodux derivati dva d.o.o. totalling EUR 191,700,000. The impact on the Group's financial statements is presented in Note 6.1;
- Acquisition of a 100-percent interest in E 3, d.o.o. totalling EUR 14,950,000. The impact on the Group's financial statements is presented in Note 6.1;
- Capital increase of Vjetroelektrarna Ljubač d.o.o. totalling EUR 7,500,000.

In accordance with IAS 36, the Company performed reviewed the investment impairment indicators and found that the carrying amount of investments of subsidiaries MBills d.o.o., Petrol LPG d.o.o. and Zagorski metalac d.o.o. exceeds their fair value or value in use. Due to this, the Company impaired the investments on the basis of valuations by EUR 11,182,338, specifically the investment in the subsidiary MBills d.o.o. by EUR 6,173,392, an investment in Petrol LPG d.o.o. by EUR 4,687,347 and an investment in Zagorski metalac d.o.o. by 321,599 EUR. In 2021, the Company impaired two companies that were liquidated in 2021. Petrol Praha CZ S.R.O. was impaired by EUR 9,958 and Petrol Trade Slovenija L.L.C by EUR 1,000. In 2021, the Company impaired investments in subsidiaries by EUR 11,193,296.

For MBills d.o.o. an estimate of free cash flow for a 5-year period, after which normalised cash flow is taken into account, was used in testing goodwill for impairment. The cash flow forecast period takes into account the company's operations and investment activities. The required rate of return of 24.01 percent after taxes was used in the calculation (2020: 19.8 percent). The observed annual growth rate of the remaining free cash flow (the residual value) was 2 percent (2020: 2 percent). In 2020, the investment in MBills d.o.o. was not impaired.

For Petrol LPG d.o.o. an estimate of free cash flow for a 5-year period, after which normalised cash flow is taken into account, was used in testing goodwill for impairment. The cash flow forecast period takes into account the company's operations and investment activities. The required rate of return of 11.7 percent after taxes was used in the calculation. The observed annual growth rate of the remaining free cash flow (the residual value) was 2 percent. In 2020, the investment in Petrol LPG d.o.o. was not impaired.

For Zagorski metalac d.o.o an estimate of free cash flow for a 5-year period, after which normalised cash flow is taken into account, was used in testing goodwill for impairment. The cash flow forecast period takes into account the company's operations and investment activities. The required rate of return of 8 percent after taxes was used in the calculation (2020: 10.3 percent). The observed annual growth rate of the remaining free cash flow (the residual value) was 0 percent (2020: 0 percent). In 2020, the investment in Zagorski metalac d.o.o. was impaired by EUR 492,750.

In 2020, when testing impairment indicators of investments in subsidiaries, the Company impaired them by EUR 1,159,376.

Major new acquisitions of investments in subsidiaries were as follows in 2020:

- Acquisition of a 100-percent interest in Petrol-OTI-Terminal L.L.C totalling EUR 1,805,000. The impact on the Group's financial statements is presented in Note 6.1;
- Purchase of a minority interest in the subsidiary Petrol LPG d.o.o. Beograd totalling EUR 7,464,190, with the Company thus becoming the sole owner of the subsidiary.
- Increase of the holding in MBills d.o.o. by EUR 1,089,514, with the Company thus becoming the sole owner of the subsidiary.
- Capital increase of STH Energy d.o.o. totalling EUR 467,498.

Options contracts

The agreement on the exchange of interests in Plinhold d.o.o. for interests in Geoplin entered into with the Republic of Slovenia on 29 December 2017 envisages a second stage of the exchange to take place following the fulfilment of suspensive conditions. During this second stage of exchanging the interests, Petrol d.d., Ljubljana will acquire a 25.01-percent interest in Geoplin d.o.o. in exchange for the 16.98-percent holding in Plinhold d.o.o. that it had disposed of.

If the second stage under the above agreement on the exchange of interests and the acquisition of interests from other stakeholders is carried out in full, it will cause the non-controlling interest in the equity of the Petrol Group to decrease by EUR 39,688,636.

In addition to a contract for the acquisition of a 76-percent interest in Atet d.o.o. of July 2019, an options contract was signed with the seller under which Petrol d.d., Ljubljana has an option to acquire the remaining interest in Atet d.o.o. in the period from 1 May 2022 to 30 July 2022. The seller, on the other hand, has a put option to sell the remaining interest in the period from 31 July 2022 to 31 October 2022.

6.20 Investments in jointly controlled entities

A more detailed overview of the Group's structure is presented in chapter Companies in the Petrol Group of the business report.

Information about jointly controlled entities as at 31 December 2021

Name of jointly controlled entity	Address of jointly controlled entity	Business activities	Ownership and voting rights	
			31 December 2021	31 December 2020
Slovenia				
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenija	Extraction of natural gas, oil and gas condensate	50%	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenija	Electricity, gas and steam supply	25%	25%
Other countries				
Vjetroelektrana Dazlina d.o.o.	Krapanjska cesta 8, Šibenik, Hrvaška	Electricity production	-	50%

After analysing the contracts of members of jointly controlled entities, the Group/Company established that it does not control those entities, disclosing them as investments in jointly controlled entities as a result.

Balance of investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Soenergetika d.o.o.	417,259	440,084	210,000	210,000
Geoenergo d.o.o.	287,242	99,872	-	-
Vjetroelektrana Dazlina d.o.o.	-	22,060	-	23,000
Total investments in jointly controlled entities	**704,501**	**562,016**	**210,000**	**233,000**

The Petrol Group

Changes in investments in jointly controlled entities

(in EUR)	The Petrol Group	
	2021	2020
As at 1 January	**562,016**	**610,273**
Attributed profit/loss	300,040	124,978
Dividends received	(135,495)	(172,934)
Transfer to investments in jointly controlled entities	-	915,000
Disposals	(22,060)	(915,000)
Foreign exchange differences	-	(301)
As at 31 December	**704,501**	**562,016**

In conformity with the equity method, the Group recorded attributable profit of EUR 300,040 in 2021 (2020: EUR 124,978). From this amount, dividends on retained earnings, which stood at EUR 135,495 (2020: EUR 172,934) were deducted.

In 2021, the Group sold its interest in the jointly controlled entity Vjetroelektrana Dazlina d.o.o.

The Group increased the capital of the jointly controlled entity Petrol OTI Slovenija L.L.C. in 2020 by converting financial receivables to equity. The company was sold at the end of 2020.

The testing of investment impairment indicators applicable to investments in jointly controlled entities identified no need for impairment in 2021 and 2020.

Significant amounts from the financial statements of jointly controlled entities

2020

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	2,321,252	641,686	3,502,343	549,244	137,311
Geoenergo d.o.o.	743,621	446,800	660,704	(22,770)	(11,385)
Vjetroelektrana Dazlina d.o.o.	123,303	123,275	-	(1,643)	(822)

2021

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	2,106,340	518,068	3,324,841	457,950	114,487
Geoenergo d.o.o.	2,263,885	1,592,324	3,360,029	374,740	187,370

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

(in EUR)	Petrol d.d.	
	2021	2020
As at 1 January	**233,000**	**233,000**
Transfer to investments in jointly controlled entities	-	1,070,000
Disposals	(23,000)	(1,070,000)
As at 31 December	**210,000**	**233,000**

The decrease in the investment relates to Vjetroelektrana Dazlina d.o.o., which was sold by the Group in 2021.

The increase in investments in jointly controlled entities in 2020 relates to the capital increase of the jointly controlled entity Petrol OTI Slovenija L.L.C. by means of converting debt to capital. The Company's financial receivables from Petrol OTI Slovenija L.L.C. were partially impaired. Petrol OTI Slovenija L.L.C. was sold at the end of 2020.

Options contracts

The annex to the business cooperation agreement in which the sale of the investment in the company Vjetroelektrana Dazlina d.o.o. is agreed contains a call option under which Petrol d.d., Ljubljana has an option to acquire a 50-percent interest in Vjetroelektrana Dazlina d.o.o. at a price of 23,000 EUR until 4 June 2022.

The original contract for the acquisition of a 50-percent interest in Vjetroelektrarna Dazlina d.o.o. from 2017 contains a call option under which Petrol d.d., Ljubljana has an option to acquire the remaining 50-percent interest in Vjetroelektrarna Dazlina d.o.o. at fair value. The option is enforceable subject to suspensive conditions.

6.21 Investments in associates

A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group* of the business report.

Information about associates as at 31 December 2021

Name of associate	Address of associate	Business activities	Ownership and voting rights	
			31 December 2021	31 December 2020
Slovenia				
Plinhold d.o.o.	Mala ulica 5, Ljubljana, Slovenia	Management of gas infrastructure	30%	30%
Aquasystems d.o.o.	Dupleška cesta 330, Maribor, Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Knešca d.o.o.	Kneža 78, Most na Soči, Slovenia	Electricity production	47.27%	-
Other countries				
Ivicom Energy d.o.o.	Jug Bogdanova 2, Žagubica, Serbia	Electricity production	-	25%

Balance of investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Plinhold d.o.o.	53,090,764	52,230,606	26,273,425	26,273,425
Aquasystems d.o.o.	1,211,955	1,161,062	337,052	337,051
Knešca d.o.o.	866,907	-	-	-
Ivicom Energy d.o.o.	-	2,561,723	-	2,575,000
Total investments in associates	**55,169,626**	**55,953,391**	**26,610,477**	**29,185,477**

The Petrol Group

Changes in investments in associates

(in EUR)	The Petrol Group	
	2021	2020
As at 1 January	**55,953,391**	**54,655,607**
Attributed profit/loss	2,283,731	3,383,812
Dividends received	(1,403,355)	(1,328,681)
New acquisitions	894,000	-
Decrease	(2,558,141)	(753,977)
Foreign exchange differences	-	(3,370)
As at 31 December	**55,169,626**	**55,953,391**

In 2021, in conformity with the equity method, the Group attributed the corresponding share of 2021 profits or losses to its investments, in total EUR 2,283,731 (2020: EUR 3,383,812 EUR), deducting from the investments the dividends received of EUR 1,403,355 (2020: EUR 1,328,681).

Significant amounts from the financial statements of associates

2020

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o.	322,500,000	109,200,000	45,100,000	8,400,000	2,494,674
Aquasystems d.o.o.	9,464,133	5,141,692	7,873,217	2,938,298	763,957
Ivicom Energy d.o.o.	1,313,246	1,393,881	127	(85,717)	(21,429)

2021

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o.	328,700,000	112,900,000	58,800,000	4,500,000	1,336,433
Aquasystems d.o.o.	7,967,703	3,397,011	7,932,017	3,080,437	800,914
Knešca d.o.o.	1,438,741	109,072	297,124	101,598	48,026

Petrol d.d., Ljubljana

Changes in investments in associates

(in EUR)	Petrol d.d.	
	2021	2020
As at 1 January	**29,185,477**	**29,939,454**
Decrease	(2,575,000)	(753,977)
As at 31 December	**26,610,477**	**29,185,477**

The decrease in investments in associates in 2021 is the result of the sale of Ivicom Energy d.o.o. at book value in accordance with the put option from the purchase agreement of a 25-percent interest in Ivicom Energy d.o.o.

The decrease in 2020 refers to the reduction of share capital in Aquasystems d.o.o.

Options contracts

The agreement on the exchange of interests in Plinhold d.o.o. for interests in Geoplin d.o.o. Ljubljana entered into with the Republic of Slovenia on 29 December 2017 envisages a second stage of the exchange to take place following the fulfilment of suspensive conditions. During this second stage of exchanging the interests, Petrol d.d., Ljubljana will acquire a 25.01-percent interest in Geoplin d.o.o. in exchange for the 16.98-percent holding in Plinhold d.o.o. that it had disposed of.

6.22 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income stand for investments in the shares and interests of companies and banks, as well as investments in mutual funds and bonds.

Balance of financial assets at fair value through other comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Current balance of financial assets at fair value through other comprehensive income				
Assets arising from interest rate swaps	1,420,486	-	1,078,208	-
Bonds	334,077	-	-	-
Assets arising from commodity swaps	22,238	209,094	22,238	209,094
	1,776,801	**209,094**	**1,100,446**	**209,094**
Non-current balance of financial assets at fair value through other comprehensive income				
Shares of companies	2,068,908	2,068,908	1,871,378	1,871,378
Interests in companies	2,064,136	2,064,136	246,536	246,536
Bonds	-	395,943	-	-
	4,133,044	**4,528,987**	**2,117,914**	**2,117,914**
Total financial assets at fair value through other comprehensive income	**5,909,845**	**4,738,081**	**3,218,360**	**2,327,008**

Changes in financial assets at fair value through other comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
As at 1 January	**4,528,987**	**4,528,987**	**2,117,914**	**2,117,914**
Transfer of bonds to current assets	(334,077)	-	-	-
New acquisitions	-	1,398,705	-	1,398,705
Disposals	-	(419,612)	-	(419,612)
Impairment	(61,866)	(979,093)	-	(979,093)
As at 31 December	**4,133,044**	**4,528,987**	**2,117,914**	**2,117,914**

The Petrol Group and Petrol d.d., Ljubljana

The Group's/Company's financial assets at fair value through other comprehensive income are carried at fair value.

6.23 Non-current financial receivables

Balance of non-current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Loans and other financial receivables	991,831	2,680,471	83,299,185	58,124,422
Total non-current financial receivables	**991,831**	**2,680,471**	**83,299,185**	**58,124,422**

The Petrol Group

Changes in non-current financial receivables

(in EUR)	The Petrol Group	
	2021	2020
As at 1 January	**2,680,471**	**5,017,649**
New acquisitions as a result of control obtained	2,656	-
New loans	8,231	5,840,755
Loans repaid	(1,602,313)	(6,552,298)
Transfer to current financial receivables	(100,259)	(1,625,976)
Foreign exchange differences	3,045	341
As at 31 December	**991,831**	**2,680,471**

Petrol d.d., Ljubljana

Non-current financial receivables of EUR 83,299,185 (31 December 2020: EUR 58,124,422) comprise non-current financial receivables from Group companies totalling EUR 83,233,789 (31 December 2020: EUR 56,492,385) and non-current financial receivables from others equalling EUR 65,396 (31 December 2020: EUR 1,632,037).

Non-current financial receivables from Group companies are presented in the table below.

(in EUR)	Petrol d.d.	
	2021	2020
Non-current financial receivables from Group companies		
Crodux derivati dva d.o.o.	25,980,522	-
Vjetroelektrarna Ljubač d.o.o.	25,786,626	25,786,626
Petrol d.o.o. Beograd	16,200,000	17,200,000
Petrol Crna Gora MNE d.o.o.	7,500,000	7,500,000
Petrol LPG d.o.o.	6,000,000	4,205,918

STH Energy d.o.o. Kraljevo	1,402,492	1,402,492
Ekoen d.o.o.	266,400	299,600
Ekoen S d.o.o.	97,749	97,749
Total	**83,233,789**	**56,492,385**

Changes in non-current financial receivables

(in EUR)	Petrol d.d.	
	2021	2020
As at 1 January	**58,124,422**	**31,876,297**
New loans	28,602,580	35,414,891
Loans repaid	(3,673,270)	(7,964,009)
Reversal of impairment	343,056	-
Transfer to current financial receivables	(97,603)	(1,202,757)
As at 31 December	**83,299,185**	**58,124,422**

6.24 Non-current operating receivables

The majority of non-current operating receivables consist of the receivables due to Petrol d.d., Ljubljana.

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Receivables from companies	1,216,662	1,224,114	1,214,651	1,214,651
Allowance for receivables from companies	(1,214,651)	(1,214,651)	(1,214,651)	(1,214,651)
Receivables from municipalities	180	39,656	180	39,656
Other receivables	8,226,580	10,516,196	8,218,927	10,502,758
Total non-current operating receivables	**8,228,771**	**10,565,315**	**8,219,107**	**10,542,414**

The Petrol Group and Petrol d.d., Ljubljana
Non-current operating receivables from companies include EUR 1,214,651, which refers to receivables arising from assets allocated over the long term for the restructuring of the company Nafta Lendava, d.o.o. that Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the non-current operating receivables is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

Other receivables of the Group in the amount of EUR 8,226,580 (2020: EUR 10,516,196) refer to the non-current portion of receivables arising from selling solar power plants on instalment plans and likewise other receivables of the Company in the amount of EUR 8,218,927 (2020: EUR 10,502,758), and to other receivables.

6.25 Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Spare parts and materials	9,990,768	2,430,425	2,393,989	2,152,317
Merchandise:	168,200,520	137,723,770	94,179,250	85,378,313
- fuel	109,844,027	71,457,024	64,589,822	56,735,413
- other petroleum products	98,160	525,972	95,334	118,045
- other merchandise	58,258,333	65,740,774	29,494,094	28,524,855
Total inventories	**178,191,288**	**140,154,195**	**96,573,239**	**87,530,630**

The Petrol Group
The Group has no inventories that are pledged as security for liabilities.

After checking the value of goods inventories as at 31 December 2021, the Group determined that the carrying amount of certain products exceeded their recoverable amount. Consequently, the Group revalued the inventories with a net realisable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs to sell, that was lower than their carrying amount by EUR 7,205,752 (2020: EUR 7,331,973) to match their net realisable value. taking into account the market prices as at the date of the financial statements.

Petrol d.d., Ljubljana
The Company has no inventories that are pledged as security for liabilities.

After checking the value of goods inventories as at 31 December 2021, the Company determined that the net realisable value of the inventories was higher than the cost of goods, which is why it did not impair their value in 2021. In 2020, the Company did not impair its inventories.

6.26 Current financial receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Loans granted	19,371,415	33,341,947	16,427,850	23,050,622
Adjustment to the value of loans granted	(3,751,210)	(1,330,433)	(1,285,380)	(1,285,380)
Time deposits with banks (3 months to 1 year)	517,546	593,958	-	-
Interest receivables	293,088	122,759	5,424,514	5,000,553
Allowance for interest receivables	(262,147)	(94,141)	(4,385,935)	(4,518,069)
Total current financial receivables	**16,168,692**	**32,634,090**	**16,181,049**	**22,247,726**

The Petrol Group
In addition to the loans of EUR 2,040,672 granted by Petrol d.d., Ljubljana to others (for an explanation, see the disclosure relating to the Company), the loans granted include short-term loans of EUR 17,330,743 (EUR 31,269,343 as at 31 December 2020) granted to other companies, mainly in connection with the payment of goods delivered.

Due to a change in the estimated value of collaterals for loans granted, the Group reversed the adjustment to the value of the loans and interest by EUR 2,588,783 in 2021. In 2020, the value of the adjustment decreased by EUR 1,043,872 relative to the previous period.

Petrol d.d., Ljubljana
Short-term loans to companies of EUR 16,427,850 (EUR 23,050,622 as at 31 December 2020) include the short-term portion of loans to Group companies totalling EUR 14,387,178 (EUR 20,978,017 as at 31 December 2020) and short-term loans to others equalling EUR 2,040,672 (EUR 2,003,804 as at 31 December 2020). In 2020, loans to the jointly controlled entity Vjetroelektrarna Dazlina in the amount of EUR 68,800.

Short-term loans to Group companies are presented below.

	Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020
Loans to Group companies		
E 3, d.o.o.	7,600,000	-
Petrol Power d.o.o. Sarajevo	3,562,233	3,562,233
Atet d.o.o.	2,320,986	1,306,671
Petrol Bucharest ROM S.R.L.	583,234	687,300
Vjetroelektrarna Ljubač d.o.o.	258,500	258,500
Ekoen d.o.o.	33,200	33,200
Ekoen S d.o.o.	19,550	19,550
Petrol Oti Terminali d.o.o.	9,475	-
Geoplin d.o.o. Ljubljana	-	15,000,000
Petrol Praha CZ s.r.o.	-	100,563
Petrol Trade Slovenija L.L.C.	-	10,000
Total	**14,387,178**	**20,978,017**

Short-term loans to others of EUR 2,040,627 refer to loans to companies for the payment of goods delivered of EUR 1,723,403 (EUR 1,679,335 as at 31 December 2020) and other loans of EUR 317,269 (EUR 324,469 as at 31 December 2020). The Company did not have loans arising from the sale of financial instruments as at 31 December 2021 nor did it have such loans as at 31 December 2020.

In 2021, the adjustment to the value of interest receivables in the amount of EUR 132,134 was eliminated and is the result of interest payments. In 2020, the decrease in the allowance for current receivables is the result of a loan granted to a jointly controlled entity and of the allowance being transferred to an investment in a jointly controlled entity that was sold at the end of 2020.

6.27 Current operating receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Trade receivables	692,538,011	406,289,815	409,335,386	262,238,768
Allowance for trade receivables	(57,553,745)	(49,921,950)	(31,098,414)	(30,657,864)
Operating receivables from state and other institutions	5,450,026	2,511,467	244,934	217,146
Operating interest receivables	1,364,467	1,338,849	2,335,796	2,484,533
Allowance for interest receivables	(1,192,941)	(1,214,106)	(943,204)	(1,059,184)
Receivables from insurance companies (loss events)	67,157	143,214	45,955	28,473
Other operating receivables	10,997,013	8,227,167	6,734,226	5,018,992
Allowance for other receivables	(1,326,808)	(933,017)	(824,788)	(551,988)
Total current operating receivables	**650,343,180**	**366,441,439**	**385,829,891**	**237,718,876**

Other operating receivables are mainly receivables from banks from card operations.

The changes in allowances are presented in Note 7.1.

6.28 Contract assets

The Petrol Group and Petrol d.d., Ljubljana
Contract assets refer to short-term accrued revenue from merchandise. Accrued revenue as at 31 December 2021 stood at EUR 3,338,893 (2020: EUR 1,949,652) in the case of the Group and at EUR 7,604,649 (2020: EUR 3,276,761) in the case of Petrol d.d., Ljubljana.

Contract assets were not impaired.

6.29 Financial assets at fair value through profit or loss

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets arising from commodity swaps	34,337,157	11,105,252	34,231,810	11,050,505
Assets arising from interest rate swaps	329,734	-	329,734	-
Assets arising from forward contracts	-	2,636	-	2,636
Total financial assets at fair value through profit or loss	**34,666,891**	**11,107,888**	**34,561,544**	**11,053,141**

The Petrol Group and Petrol d.d., Ljubljana
Financial assets arising from commodity swaps represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products and electricity as at 31 December 2021.

All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial liabilities in *Note 6.36*.

6.30 Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Prepayments and collaterals	61,569,731	73,803,420	34,494,898	24,677,675
Prepaid licences, subscriptions, specialised literature, etc.	3,573,415	1,579,289	2,841,366	1,390,210
Prepaid insurance premiums	1,332,648	734,485	971,052	461,928
Other deferred costs	19,242,965	2,389,316	12,421,468	842,063
Total prepayments and other assets	**85,718,759**	**78,506,510**	**50,728,784**	**27,371,876**

6.31 Cash and cash equivalents

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash in banks	91,918,939	79,888,438	53,148,173	39,282,462
Cash	8,293,516	6,987,005	4,419,224	5,010,879
Short-term deposits (up to 3 months)	14,435	1,799,509	-	377,184
Total cash and cash equivalents	**100,226,890**	**88,674,952**	**57,567,397**	**44,670,525**

6.32 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All the shares have been paid up in full. All 2,086,301 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 31 December 2021 was EUR 508.00 per share (EUR 325.00 as at 31 December 2020). and the book value per share of the Group as at 31 December 2021 was EUR 435.55 (EUR 396.24 as at 31 December 2020).

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law.

The Group's capital surplus stood at EUR 80,991,385 as at 31 December 2021 and consists of the general equity revaluation adjustment of EUR 80,080,610, which was transferred to capital surplus on the transition to the IFRS, and the capital surplus of EUR 910,775 representing the excess of the disposal value over the carrying amount of own shares paid to the Company's Supervisory Board members as a bonus. The Company's capital surplus as at 31 December 2021 was the same as the Group's capital surplus.

In 2021, there were no changes in capital surplus.

Revenue reserves

· Legal reserves and other revenue reserves

Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. Acting on the proposal from the Company's Management Board made upon the approval of the 2021 annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 33,241,471, in accordance with Article 230 of the Companies Act.

· Own shares and reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in the equity net of transaction costs and related tax effects.

Petrol d.d., Ljubljana

Purchases and disposals of own shares

	Number of shares	Cost (in EUR)*
Total purchases 1997–1999	**36,142**	**3,640,782**
Disposal by year		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
Total disposals 1997–2008	**(11,439)**	**(1,036,113)**
Own shares as at 31 December 2021	**24,703**	**2,604,669**

* Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2021, the number of own shares remained unchanged. As at 31 December 2021, the Company held 24,703 own shares. The market value of repurchased own shares totalled EUR 12,549,124 on the above date (EUR 8,028,475 as at 31 December 2020). The Company did not change its reserves for own shares in 2021.

The Petrol Group

The company Geoplin d.o.o. Ljubljana owned 6,020 shares of Petrol d.d., Ljubljana as at 31 December 2021, the market value of which on that date was EUR 3,058,160 (EUR 1,956,500 as at 31 December 2020). The Group held 30,723 own shares as at 31 December 2021. The market value of own shares was EUR 15,607,284 on the above date (EUR 9,984,975 31 December 2020).

Other reserves

Other reserves of the Group/Company consist of revaluation reserves, the fair value reserve and the hedging reserve. Changes in these reserves that took place in 2021 are explained in more detail in Note 6.14.

The Company's fair value reserve totalled EUR 39,809,449 as at 31 December 2021. The fair value reserve consists of the reserves of EUR 40,513,851 resulting from the absorption of Instalacija d.o.o. (see Note 6.15 for explanation) and the reserves of EUR 742,921 resulting from carrying financial assets at fair value through other comprehensive income. Its value was decreased by actuarial losses resulting from the actuarial calculation of post-employment benefits on retirement totalling EUR 1,306,168 and deferred taxes of EUR 141,155.

Accumulated profit

Allocation of accumulated profit for 2020

At the 33rd General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 22 April 2021, the shareholders adopted the following resolution on the allocation of accumulated profit:

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2020 of EUR 45,355,156 was to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as the payment of gross dividends of EUR 22.00 per share or the total of EUR 45,222,716 (own shares excluded). The remaining accumulated profit of EUR 132,440 and any amounts linked to own shares arising on the date the dividends are paid and amounts resulting from rounding off dividend payments were to be transferred to other revenue reserves.

The dividends were paid out of the net profit for 2020. In 2021, the Company paid out dividends for the year 2020 of EUR 45,222,716 and dividends from the previous years of EUR 185.

Accumulated profit for 2021

(in EUR)	Petrol d.d.	
	31 December 2021	31 December 2020
Compulsory allocation of net profit		
Net profit	66,482,942	28,893,516
Net profit after compulsory allocation	**66,482,942**	**28,893,516**
Creation of other revenue reserves	33,241,471	14,446,758
Determination of accumulated profit		
Net profit	33,241,471	14,446,758
Decrease by the amount of long-term deferred development costs on the balance sheet date	(96,363)	(267,376)
Other revenue reserves	28,702,832	31,175,774
Accumulated profit	**61,847,940**	**45,355,156**

Acting on the proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 33,241,471, in accordance with Article 230 of the Companies Act, and designated a portion of other revenue reserves of EUR 28,702,832 as accumulated profit.

Final dividends for the year ended 31 December 2021 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.33 Provisions for employee post-employment and other long-term benefits

Provisions for employee post-employment and other long-term benefits comprise provisions for post-employment benefits on retirement and jubilee benefits. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

Management believes that the factors in estimating provisions for jubilee benefits and post-employment benefits on retirement have not changed significantly compared to the previous year. It therefore considers that the value of provisions for jubilee benefits and post-employment benefits on retirement, calculated on the basis of the actuarial model as at 31 December 2020, is an appropriate basis for recognising provisions as at 31 December 2021. The calculation as at 31 December 2020 was adjusted only for the number of employees.

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Post-employment benefits on retirement	6,190,099	6,096,788	5,244,108	5,457,241
Jubilee benefits	3,325,992	3,342,189	2,725,701	2,836,480
Total provisions	**9,516,091**	**9,438,977**	**7,969,809**	**8,293,721**

The Petrol Group

Changes in provisions for employee post-employment and other long-term benefits

(in EUR)	The Petrol Group		
	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2020	**5,853,143**	**3,036,568**	**8,889,711**
Current service cost	657,457	488,601	1,146,058
Costs of interest	63,170	37,071	100,241
Post-employment benefits paid	(140,129)	(282,301)	(422,430)
Actuarial surplus/deficit	(335,716)	65,117	(270,599)
Foreign exchange differences	(1,137)	(2,867)	(4,004)
As at 31 December 2020	**6,096,788**	**3,342,189**	**9,438,977**
New acquisitions as a result of control obtained	290,165	82,241	372,406
Current service cost	120,998	129,096	250,094
Costs of interest	2,259	935	3,194
Post-employment benefits paid	(316,060)	(227,563)	(543,623)
Actuarial surplus/deficit	9,323	4,263	13,586
Reversal	(13,836)	(6,241)	(20,077)
Foreign exchange differences	462	1,072	1,534
As at 31 December 2021	**6,190,099**	**3,325,992**	**9,516,091**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.36-percent annual discount rate for companies in Slovenia (2020: 0.35 percent), which is based on the yield of 10-year government bonds of the Republic of Slovenia, a 1.25-percent discount rate for companies in Croatia (2020: 1.25 percent), a 3.25-percent discount rate for companies in the Federation of Bosnia and Herzegovina (2020: 3.25 percent), and a 4.5-percent discount rate for companies in Serbia (2020: 4.5 percent);
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

For companies in Slovenia it is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage points. For companies abroad it is assumed that average salaries will increase at the following rates: Croatia 1 percentage point, Serbia 1 percentage point, the Federation of Bosnia and Herzegovina 1 percentage point, accompanied by a growth in individual salaries of 0.5 percentage point.

Sensitivity analysis

Change in	Discount rate		Salary increase		Staff turnover	
	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(561,306)**	**621,070**	**608,543**	**(556,225)**	**(514,926)**	**571,335**

Petrol d.d., Ljubljana

Changes in provisions for employee post-employment and other long-term benefits

(in EUR)	Petrol d.d.		
	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2020	**5,402,925**	**2,622,136**	**8,025,061**
Current service cost	622,378	448,949	1,071,327
Post-employment benefits paid	(132,033)	(234,605)	(366,638)
Actuarial surplus/deficit	(436,029)	-	(436,029)
As at 31 December 2020	**5,457,241**	**2,836,480**	**8,293,721**
Current service cost	47,021	89,669	136,690
Post-employment benefits paid	(251,076)	(200,448)	(451,524)
Actuarial surplus/deficit	(9,078)	-	(9,078)
As at 31 December 2021	**5,244,108**	**2,725,701**	**7,969,809**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.36-percent annual discount rate (2020: 0.35 percent), which is based on the yield of 10-year government bonds of the Republic of Slovenia;
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

It is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage point.

Sensitivity analysis

Change in	Discount rate		Salary increase		Staff turnover	
	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(495,018)**	**547,804**	**535,713**	**(489,673)**	**(507,490)**	**557,168**

6.34 Other provisions

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Provisions for lawsuits	956,347	600,602	493,383	420,849
Provisions for employee post-employment and other long-term benefits at third-party managed service stations	4,040,854	4,160,465	4,040,854	4,160,465
Other provisions	29,326,278	26,586,354	13,072,253	10,182,523
Total provisions	**34,323,479**	**31,347,421**	**17,606,490**	**14,763,837**

Changes in provisions for lawsuits and changes in other provisions

	The Petrol Group		Petrol d.d.	
(in EUR)	Provisions for lawsuits	Other provisions	Provisions for lawsuits	Other provisions
As at 1 January 2020	**979,447**	**20,923,226**	**636,192**	**4,859,313**
Creation of provisions	196,318	9,919,393	154,122	5,323,210
Reversal	(572,423)	(4,251,657)	(369,465)	-
Foreign exchange differences	(2,740)	(4,608)	-	-
As at 31 December 2020	**600,602**	**26,586,354**	**420,849**	**10,182,523**
New acquisitions as a result of control obtained	33,049	598,039	-	-
Creation of provisions	666,566	7,976,473	366,017	7,717,043
Reversal	(289,082)	(5,850,016)	(238,177)	(4,827,313)
Utilisation	(55,306)	-	(55,306)	-
Foreign exchange differences	518	15,428	-	-
As at 31 December 2021	**956,347**	**29,326,278**	**493,383**	**13,072,253**

The Petrol Group

Other provisions

As at 31 December 2021, the Group had in place long-term contracts with suppliers to purchase natural gas and long-term contracts for the leasing of transmission and storage capacities. New EU rules governing the single European natural gas market have led to an expansion of short-term trading at gas hubs and make it possible to contract transport capacities on a per month and per day basis. As a result, a different kind of sales products appeared in the market, both as far as natural gas sales and the leasing of transmission and storage capacities are concerned. The Group was also compelled to provide similar products to local customers. Because the costs of meeting contractual obligations will exceed the expected economic benefits of the contracts, negative differences will arise.

As a result, the Group has created provisions for onerous contracts relating to the leasing of natural gas transmission and storage capacities totalling EUR 10,832,781 (2020: EUR 12,348,348). The amount was determined based on estimated economic benefits and the costs of services under long-term contracts for the leasing of capacities and by taking into account the utilisation of transmission capacities. The calculations were based on 8-year projections and a discount rate of 0.0 percent (2020: 0.0 percent), which reflects the yield on Republic of Slovenia bonds maturing in 2029.

The Group's/Company's other provisions include provisions for partial non-compliance in the area of renewables in transport (Decree on renewable energy sources in transport) amounting to EUR 12,953,253 as at 31 December 2021 (2020: EUR: 10,080,523). Considering its position, technical limitations and the legislative framework, the Company took a number of measures to step up compliance and will continue to strive for the best possible solutions for the environment, customers and its owners.

The provisions were estimated by considering all relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate of how likely is the outflow of economic benefits from the Group/Company.

Because the legislation is recent, it is not possible to foresee the timeframe for the settlement of liabilities, which is why the provisions have not been discounted.

The Petrol Group and Petrol d.d., Ljubljana

Provisions for lawsuits

The amount of the provisions for lawsuits is determined based on the amount of a claim or estimated based on the expected possible amount if the actual amount is not yet known. The Management Board determines the expected possible amount in consultation with external law firms and checks the amount of provisions for each ongoing lawsuit on an annual basis.

The Group's management estimates that there is a possibility that some of these lawsuits will be lost. That is why the Group set aside long-term provisions for lawsuits and interest on overdue amounts arising from the claims. The provisions for lawsuits totalled EUR 867,712 as at 31 December 2021 (EUR 528,780 as at 31 December 2020) while the provisions for interest on overdue amounts arising from the claims stood at EUR 88,635 (EUR 17,822 as at 31 December 2020).

The Company's long-term provisions for lawsuits totalled EUR 404,748 as at 31 December 2021 (EUR 403,027 as at 31 December 2020), with the provisions for interest on overdue amounts arising from the claims amounting to EUR 88,635 (EUR 17,822 as at 31 December 2020). The provisions were created based on the lawyers' assessment of the matter.

Provisions for employee post-employment and other long-term benefits

Other provisions also include provisions for employee post-employment and other long-term benefits relating to employees at third-party-managed service stations of the Petrol Group. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

Changes in provisions for employee post-employment and other long-term benefits at third-party managed service stations

(in EUR)	Petrol d.d.		
	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2020	**2,031,713**	**1,774,582**	**3,806,295**
Current service cost	205,837	252,809	458,646
Post-employment benefits paid	(58,998)	(174,975)	(233,973)
Actuarial surplus/deficit	129,498	-	129,498
As at 31 December 2020	**2,308,050**	**1,852,416**	**4,160,466**
New acquisitions as a result of merger by absorption			
Current service cost	18,560	61,104	79,664
Post-employment benefits paid	(80,999)	(114,360)	(195,359)
Actuarial surplus/deficit	(3,917)	-	(3,917)
As at 31 December 2021	**2,241,694**	**1,799,160**	**4,040,854**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation, which relied on the following assumptions:

- a 0.36-percent annual discount rate (2020: 0.3 percent), which is based on the yield of the 10-year government bonds of the Republic of Slovenia;
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

It is assumed that average salaries in the Republic of Slovenia will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage point.

Sensitivity analysis

Change in	Discount rate		Salary increase		Staff turnover	
	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(256,357)**	**283,403**	**277,150**	**(253,587)**	**262,799**	**288,220**

6.35 Long-term deferred revenue

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Long-term deferred revenue from grants	985,177	1,051,894	14,408	22,100
Other long-term deferred revenue	33,462,267	32,360,582	29,444,663	28,397,673
Total	**34,447,444**	**33,412,476**	**29,459,071**	**28,419,773**

The Petrol Group

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2020	**10,771**	**1,011,997**	**24,004,477**	**25,027,245**
Increase	-	102,839	14,291,448	14,394,287
Decrease	(10,771)	(62,942)	(5,894,207)	(5,967,920)
Foreign exchange differences	-	-	(41,136)	(41,136)
As at 31 December 2020	**-**	**1,051,894**	**32,360,582**	**33,412,476**
Increase	-	-	6,737,636	6,737,636
Decrease	-	(66,717)	(5,647,671)	(5,714,388)
Foreign exchange differences	-	-	11,720	11,720
As at 31 December 2021	**-**	**985,177**	**33,462,267**	**34,447,444**

Long-term deferred revenue refers to funds received based on European projects and cohesion funding in the area of energy solutions.

The increase in other long-term deferred revenue of EUR 6,737,636 refers to the funds received based on European projects and cohesion funding in the area of energy solutions, whereas the decrease of EUR 5,647,671 refers to the costs incurred on the projects for which the funds were received.

Petrol d.d., Ljubljana

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2020	**10,771**	**28,600**	**20,424,483**	**20,463,854**
Increase	-	-	13,274,077	13,274,077
Decrease	(10,771)	(6,500)	(5,300,887)	(5,318,158)
As at 31 December 2020	**-**	**22,100**	**28,397,673**	**28,419,773**
Increase	-	-	6,648,148	6,648,148
Decrease	-	(7,692)	(5,601,158)	(5,608,850)
As at 31 December 2021	**-**	**14,408**	**29,444,663**	**29,459,071**

6.36 Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Current financial liabilities				
Bank loans	61,575,727	36,621,251	61,575,727	36,620,014
Liabilities to banks arising from interest rate swaps	2,503,965	5,379,273	2,503,965	4,896,601
Liabilities to banks arising from forward contracts	287,484	786,222	287,484	786,222
Bonds issued	246,928	250,309	246,928	250,309
Liabilities arising from commodity swaps	116,341	5,029,689	116,341	5,145,357
Other liabilities arising from financial instruments	-	-	-	2,568,846
Other loans and financial liabilities	1,228,002	699,811	207,755,317	110,421,383
	65,958,447	**48,766,555**	**272,485,762**	**160,688,732**
Non-current financial liabilities				
Bank loans	389,623,422	259,249,424	339,746,359	209,427,879
Bonds issued	43,809,402	43,801,874	43,809,402	43,801,874
Loans obtained from other companies	380,171	379,762	21,000,000	29,636,850
	433,812,995	**303,431,060**	**404,555,761**	**282,866,603**
Total financial liabilities	**499,771,442**	**352,197,615**	**677,041,523**	**443,555,335**

The Petrol Group
In 2021, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.92 percent p. a. (2020: 1.68 percent p. a.).

Derivative financial instruments
Liabilities arising from forward contracts for the purchase of US dollars, which stood at EUR 287,484 represent the fair values of outstanding forward contracts as at 31 December 2021. The above financial liabilities arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial receivables in Note 6.29.

Bonds issued
Bond liabilities refer to the bonds issued by Petrol d.d., Ljubljana and listed on the Ljubljana Stock Exchange as PET4 and PET5 bonds.

On 22 February 2017, Petrol d.d., Ljubljana issued PET4 bonds at the total nominal amount of EUR 11,000,000. The bond maturity date is 22 February 2027 and the interest rate is 1.5 percent.

On 21 June 2017, Petrol d.d., Ljubljana issued PET5 bonds at the total nominal amount of EUR 32,828,000. The interest rate is 1.2 percent p.a. The bond maturity date is 21 June 2024.

Petrol d.d., Ljubljana

In 2021, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.89 percent p.a. (2020: 1.56 percent p. a.). The calculation of the average interest rate does not include interest rates on loans received by group companies.

The Company's liabilities arising from derivative financial instruments and bonds are explained in more detail in the note pertaining to the Group.

Other financial liabilities arising from financial instruments relate entirely to the put option granted to a subsidiary and were measured at fair value as at 31 December 2021.

Other loans obtained by the Company relate mainly to loans from Group companies amounting to EUR 221,277,769, as shown in the table below.

(in EUR)	Petrol d.d.	
	31 December 2021	31 December 2020
Geoplin d.o.o. Ljubljana	86,950,000	29,636,849
Petrol d.o.o.	85,842,742	62,201,715
Petrol BH Oil Company d.o.o. Sarajevo	20,000,000	17,500,000
IGES d.o.o.	15,786,457	15,767,666
Petrol Trade Handelsgesellschaft m.b.H.	6,779,404	4,469,422
MBills d.o.o.	3,850,000	4,650,000
Petrol Geo d.o.o.	1,679,516	-
Geoenergo d.o.o.	300,000	300,000
Petrol Skladiščenje d.o.o.	89,650	89,616
Petrol d.o.o. Beograd	-	2,568,846
Total	**221,277,769**	**137,184,114**

Changes in financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
As at 1 January	**352,197,615**	**326,741,584**	**443,555,335**	**386,348,458**
New acquisitions as a result of control obtained	109,787,346	54,000	-	-
Proceeds from borrowings	926,931,269	835,261,103	1,327,414,213	1,090,169,633
Repayment of borrowings	(880,837,557)	(808,314,348)	(1,085,490,136)	(1,032,414,899)
Change in fair value of financial instruments	(8,287,394)	(845,045)	(10,489,236)	(899,899)
Changes in interest liabilities	(26,583)	25,088	2,051,347	352,042
Foreign exchange differences	6,746	(724,767)	-	-
As at 31 December	**499,771,442**	**352,197,615**	**677,041,523**	**443,555,335**

6.37 Lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current lease liabilities	92,991,633	54,397,111	26,735,533	27,608,922
Current lease liabilities	13,768,130	10,069,352	2,717,596	4,259,323
Total lease liabilities	**106,759,763**	**64,466,463**	**29,453,129**	**31,868,245**

The Group's lease liabilities include liabilities arising from contracts for the leased assets, the value of which was determined in accordance with IFRS 16.

Changes in lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
As at 1 January	**64,466,463**	**72,612,542**	**31,868,245**	**34,807,319**
New acquisitions as a result of control obtained	49,176,771	-	-	-
Increase	11,857,655	5,753,441	1,141,233	255,541
Decrease	(6,664,393)	(4,504,367)	-	-
Interest	2,425,310	2,676,699	1,291,951	1,508,731
Lease payments	(14,481,349)	(11,674,411)	(4,848,300)	(4,703,346)
Foreign exchange differences	(20,694)	(397,441)	-	-
As at 31 December	**106,759,763**	**64,466,463**	**29,453,129**	**31,868,245**

6.38 Non-current operating liabilities

All non-current operating liabilities include the liabilities of Petrol d.d., Ljubljana.

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities arising from interests acquired	5,024,000	24,000	5,024,000	24,000
Liabilities arising from assets received for administration	637,782	703,182	637,782	703,182
Total non-current operating liabilities	**5,661,782**	**727,182**	**5,661,782**	**727,182**

The Petrol Group and Petrol d.d., Ljubljana
The Group's/Company's liabilities arising from assets received for administration relate largely to property, plant and equipment received for administration from municipalities under concession agreements. Liabilities are reduced in line with the depreciation of the assets received for administration.

6.39 Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Trade liabilities	549,530,229	287,742,078	349,637,848	225,732,060
Excise duty liabilities	61,892,936	89,051,979	44,570,278	81,941,940
Value added tax liabilities	44,535,860	28,464,911	22,003,518	18,681,572
Liabilities to employees	9,130,848	12,264,510	5,709,649	9,700,069
Liabilities for environmental charges and contributions	8,503,921	7,074,616	8,476,548	6,574,164
Liabilities arising from interests acquired	6,597,693	1,423,471	6,100,000	1,199,650
Other liabilities to the state and other state institutions	3,758,297	3,898,273	1,181,150	1,986,390
Social security contribution liabilities	1,742,750	1,443,461	815,529	809,456
Liabilities associated with the allocation of profit or loss	775,812	775,997	775,812	775,997
Import duty liabilities	596,054	1,068,381	-	-
Other liabilities	3,392,213	4,008,471	3,237,600	1,431,534
Total current operating and other liabilities	**690,456,613**	**437,216,148**	**442,507,932**	**348,832,832**

In 2021, the liabilities associated with the allocation of profit or loss increased based on the General Meeting resolution on the payment of dividends of EUR 45,222,716 (2020: EUR 45,222,716) and decreased based on the payment of the 2020 dividends of EUR 45,222,716 (2020: EUR 45,222,706) to shareholders and the payment of dividends from previous years totalling EUR 185 (2020: EUR 897).

6.40 Contract liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term prepayments and collaterals given	12,053,171	13,019,932	5,973,801	7,351,829
Deferred prepaid card revenue	2,611,155	1,665,807	1,932,037	1,478,932
Deferred revenue from rebates and discounts granted	164,018	242,107	-	-
Total contract liabilities	**14,828,344**	**14,927,846**	**7,905,838**	**8,830,761**

6.41 Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Accrued annual leave expenses	3,229,710	2,613,290	1,755,565	1,784,815
Accrued motorway site lease payments	592,868	73,747	592,868	73,747
Accrued expenses for tanker demurrage	502,794	387,983	502,794	387,983
Accrued concession fee costs	433,122	366,833	316,567	366,833
Other accrued costs	50,674,221	9,804,015	44,592,856	7,555,385
Other deferred revenue	3,185,584	2,476,402	3,093,276	2,310,692
Total other liabilities	**58,618,299**	**15,722,270**	**50,853,926**	**12,479,455**

Other accrued costs refer to short-term provisions for onerous contracts, accrued employee bonuses, accrued licence renewal costs, logistics costs, costs of services in connection with energy solutions, liabilities arising from commissions and other accrued costs.

As at 31 December 2021, the Group/Company has concluded contracts with customers for the supply of electricity for 2022. As part of the sold quantities of the Group/Company for 2022 is not purchased at relevant prices, compared to the contract prices in sales contracts, the costs of fulfilling contractual commitments will exceed the expected economic benefits from the contracts. The Group/Company hedges this part of the onerous sales contracts for the supply of electricity with commodity financial instruments, valued at EUR 24,317,853 as at 31 December 2021. This means that in 2021, the Group/Company recorded other revenue from the valuation of commodity financial instruments in the amount of EUR 24,317,853 and other expenses from provisions for onerous contracts in the amount of EUR 20,924,453, which means a net positive effect on the income statement in the amount of EUR 3,393,400.

Accordingly, the Group/Company has, among other accrued costs, formed provisions from onerous contracts for the supply of electricity in the amount of EUR 20,924,453 (2020: EUR 0). The amount was determined based on estimated economic benefits and the costs of services under contracts for the supply of electricity. The projected market prices of electricity for 2022 were used in the calculations.

7. Financial instruments and risk management

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the risk management section of the business report.

A report on the impact of the COVID-19 pandemic on the Petrol Group's operations and risk management is also available in the chapter Analysis of the business performance of the Petrol Group's operations in 2021.

7.1 Credit risk

In 2021, the Group/Company continued to actively monitor the balances of trade receivables and to apply strict terms on which open account sales are approved, requiring an adequate range of high-quality collaterals and pursuing the active collection of receivables.

The carrying amount of financial assets has maximum exposure to credit risks and was the following as at 31 December 2021:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets at fair value through other comprehensive income	5,909,845	4,738,081	3,218,360	2,327,008
Non-current financial receivables	991,831	2,680,471	83,299,185	58,124,422
Non-current operating receivables	8,228,771	10,565,315	8,219,107	10,542,414
Contract assets	3,338,893	1,949,652	7,604,649	3,276,761
Current financial receivables	16,168,692	32,634,090	16,181,049	22,247,726
Current operating receivables (excluding rec. from the state)	644,893,154	363,929,972	385,584,957	237,501,730
Financial assets at fair value through profit or loss	34,666,891	11,107,888	34,561,544	11,053,141
Cash and cash equivalents	100,226,890	88,674,952	57,567,397	44,670,525
Total assets	**814,424,967**	**516,280,421**	**596,236,248**	**389,743,727**

The item that was most exposed to credit risk on the reporting date was the current operating receivables. Compared to the end of 2021, they decreased, in nominal terms, by 77 percent in the case of the Group and 62 percent in the case of the Company.

Financial assets at fair value through profit or loss consist mainly of derivative financial instruments.

The Group's current operating receivables by maturity

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	Including 30 to 60 days overdue	Including 60 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	314,932,992	31,695,839	5,075,314	611,619	4,052,101	**356,367,865**
Interest receivables	37,856	16,889	8,111	1,968	59,919	**124,743**
Other receivables (excluding receivables from the state)	7,374,118	-	55,134	3,462	4,650	**7,437,364**
Total as at 31 December 2020	**322,344,966**	**31,767,862**	**5,086,887**	**618,237**	**4,112,020**	**363,929,972**

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	Including 30 to 60 days overdue	Including 60 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	572,251,531	51,421,340	7,287,064	1,296,628	2,727,703	**634,984,266**
Interest receivables	72,904	16,001	12,008	18,108	52,505	**171,526**
Other receivables (excluding receivables from the state)	9,234,027	371,413	-	-	131,922	**9,737,362**
Total as at 31 December 2021	**581,558,462**	**51,808,754**	**7,299,072**	**1,314,736**	**2,912,130**	**644,893,154**

The Company's current operating receivables by maturity

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	Including 30 to 60 days overdue	Including 60 to 90 days overdue	More than 90 days overdue	
Trade receivables	201,953,228	9,636,626	9,019,494	961,715	10,009,841	**231,580,904**
Interest receivables	-	-	-	-	1,425,349	**1,425,349**
Other receivables (excluding receivables from the state)	4,461,687	32,808	708	274	-	**4,495,477**
Total as at 31 December 2020	**206,414,915**	**9,669,434**	**9,020,202**	**961,989**	**11,435,190**	**237,501,730**

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	Including 30 to 60 days overdue	Including 60 to 90 days overdue	More than 90 days overdue	
Trade receivables	342,546,756	20,534,767	3,623,504	814,462	10,717,483	**378,236,972**
Interest receivables	-	-	-	-	1,392,592	**1,392,592**
Other receivables (excluding receivables from the state)	5,818,887	136,506	-	-	-	**5,955,393**
Total as at 31 December 2021	**348,365,643**	**20,671,273**	**3,623,504**	**814,462**	**12,110,075**	**385,584,957**

Changes in allowances for current operating receivables of the Group

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2020	**(50,705,579)**	**(1,669,414)**	**(52,374,993)**
Creation/reversal of allowances affecting profit or loss	(2,109,637)	(115,961)	**(2,225,598)**
Write-downs	1,853,170	571,043	**2,424,213**
Foreign exchange differences	107,079	226	**107,305**
As at 31 December 2020	**(50,854,967)**	**(1,214,106)**	**(52,069,073)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2021	**(50,854,967)**	**(1,214,106)**	**(52,069,073)**
New acquisitions as a result of control obtained	(3,498,022)	(150,989)	**(3,649,011)**
Creation/reversal of allowances affecting profit or loss	(7,966,732)	(65,643)	**(8,032,375)**
Changes in allowances not affecting profit or loss	531,773	115,229	**647,002**
Write-downs	2,919,772	126,043	**3,045,815**
Foreign exchange differences	(12,377)	(3,475)	**(15,852)**
As at 31 December 2021	**(58,880,553)**	**(1,192,941)**	**(60,073,494)**

Changes in allowances for current operating receivables of the Company

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2020	**(33,213,942)**	**(1,630,227)**	**(34,844,169)**
Creation/reversal of allowances affecting profit or loss	576,792	-	**576,792**
Write-downs	1,427,298	571,043	**1,998,341**
As at 31 December 2020	**(31,209,852)**	**(1,059,184)**	**(32,269,036)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2021	**(31,209,852)**	**(1,059,184)**	**(32,269,036)**
Creation/reversal of allowances affecting profit or loss	(2,942,872)	-	**(2,942,872)**
Write-downs	2,229,522	115,980	**2,345,502**
As at 31 December 2021	**(31,923,202)**	**(943,204)**	**(32,866,406)**

Collateralisation of receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Current trade receivables	692,538,011	406,289,815	409,335,386	262,238,768
Allowances	(57,553,745)	(49,921,950)	(31,098,414)	(30,657,864)
Current trade receivables including allowances	634,984,266	356,367,865	378,236,972	231,580,904
Overdue current trade receivables (gross amount)	107,423,690	83,282,995	58,813,962	54,040,260
Share of overdue receivables in outstanding receivables	16%	20%	14%	21%
Current operating receivables over EUR 100,000 secured with high-quality collaterals	**379,692,734**	**196,754,738**	**189,939,857**	**116,887,621**

Only high-quality collaterals, such as bank or corporate guarantees, offsetting transactions (suppliers), credit insurance with insurance companies and mortgages, are included in the overview of collaterals. Bills of exchange, enforcement drafts and promissory notes are excluded because they have a lower level of collectability.

The receivable from the Group's largest single customer stood at EUR 16,479,600 as at 31 December 2021 (the customer is a company), accounting for 2.4 percent of the Group's trade receivables. The receivable from the Company's largest single customer stood at EUR 16,479,600 as at 31 December 2021 (the customer is a company), accounting for 4.0 percent of the Company's trade receivables.

The receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Petrol Club card.

The structure of wholesale and retail customers is diversified, meaning there is no significant exposure to a single customer. The Group had 40,919 active customers (legal persons) as at 31 December 2021. The Group/Company has in place an IT-based system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a steady basis. In 2021, the system of limits adopted at the Petrol Group level was applied consistently. The Group/Company measures the degree of receivables management in days' sales outstanding.

	The Petrol Group		Petrol d.d.	
(in days)	2021	2020	2021	2020
Days sales outstanding				
Contract days	36	49	31	42
Overdue receivables in days	4	5	3	5
Total days sales outstanding	**40**	**54**	**34**	**47**

Commodity loans granted to buyers in order to reschedule the settlement of receivables are largely secured (usually through mortgages, but also through bank guarantees).

The loans granted by the Company refer mainly to the loans to subsidiaries. The Company regularly assesses the possibility of the loans' repayment, the possibility of realising the collateral or whether the value of the collateral is still adequate compared to the value of the investment. If the Company considers that a loan is not fully collectable, an allowance is made for the uncollectable amount. The Company systematically monitors the operations of Group companies, thus adequately limiting credit risk.

7.2 Liquidity risk

Due to uncertainty, we faced during the epidemic, the Petrol Group has put great emphasis on liquidity risk management.

Our key goal remains, however, that the Group/Company can successfully manage liquidity risks according to Standard & Poor's guidelines.

The Group/Company manages liquidity risks through:

- maintaining the level of debt at an appropriate level (measured as the net debt to EBITDA ratio) as laid down in the strategy and business plan;
- ensuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at the Group level;
- the annual planning of funds required by the Petrol Group;
- the daily planning and simulating of cash flows for the parent company and its subsidiaries performed by day and for two or three months in advance, which is currently an extremely important tool;
- a uniform approach to banks in Slovenia and abroad;
- computer-assisted system for the management of the cash flows of the parent company and all its subsidiaries;
- centralised collection of available cash through cash pooling.

Nearly half of the Group's/Company's total cash inflow is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

Successful planning of cash flows or estimating how inflows could decrease as a result of the decline in sales, enabled us to forecast liquidity needs in a timely and effective manner and to ensure optimal cash flow management at the Group level. Our strong liquidity position also allows for the settlement of all liabilities as they fall due.

The majority of financial liabilities arising from long-term and short-term loans are held by the parent company, which also generates the majority of revenue.

The Group's liabilities by maturity

(in EUR)	Carrying amount of liabilities	Contractual cash flows				
		Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	303,431,060	310,959,169	-	-	299,710,991	11,248,178
Non-current lease liabilities	54,397,111	70,609,544	-	-	38,272,782	32,336,762
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	-	-	24,000	-
Current financial liabilities	48,766,555	51,021,405	25,928,595	25,092,810	-	-
Current lease liabilities	10,069,352	11,024,294	5,638,689	5,385,605	-	-
Liabilities arising from commodity forward contracts*	-	366,543,618	165,388,450	156,287,654	44,867,514	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	293,950,017	293,950,017	293,550,768	399,249	-	-
As at 31 December 2020	**710,638,095**	**1,104,132,047**	**490,506,502**	**187,165,318**	**382,875,287**	**43,584,940**

Current financial liabilities include derivative financial instruments totalling EUR 11,195,184.

(in EUR)	Carrying amount of liabilities	Contractual cash flows				
		Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	433,812,995	449,991,568	-	-	193,267,964	256,723,604
Non-current lease liabilities	92,991,633	102,794,713	-	-	50,827,716	51,966,997
Non-current operating liabilities (excluding other liabilities)	5,024,000	5,024,000	-	-	5,024,000	-
Current financial liabilities	65,958,447	71,080,903	51,230,909	19,849,994	-	-
Current lease liabilities	13,768,130	19,086,349	9,565,561	9,520,788	-	-
Liabilities arising from commodity forward contracts*	-	694,778,063	362,868,525	280,035,717	51,873,821	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	560,295,947	560,295,947	554,989,616	5,306,331	-	-
As at 31 December 2021	**1,171,851,152**	**1,903,051,543**	**978,654,611**	**314,712,830**	**300,993,501**	**308,690,601**

Current financial liabilities include derivative financial instruments totalling EUR 2,907,790.

The Company's liabilities by maturity

(in EUR)	Carrying amount of liabilities	Contractual cash flows				
		Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	282,866,603	287,498,462	-	-	276,250,284	11,248,178
Non-current lease liabilities	27,608,922	39,824,872	-	-	15,965,169	23,859,703
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	-	-	24,000	-
Current financial liabilities	160,688,732	164,278,181	33,525,671	130,752,510	-	-
Current lease liabilities	4,259,323	4,294,274	2,212,789	2,081,485	-	-
Liabilities arising from commodity forward contracts*	-	368,883,699	166,749,812	157,266,373	44,867,514	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	229,139,241	229,139,241	228,889,303	249,938	-	-
Contingent liabilities for guarantees issued**	-	168,698,903	168,698,903	-	-	-
As at 31 December 2020	**704,586,821**	**1,262,641,632**	**600,076,478**	**290,350,306**	**337,106,967**	**35,107,881**

Current financial liabilities include derivative financial instruments totalling EUR 13,397,026.

(in EUR)	Carrying amount of liabilities	Contractual cash flows				
		Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	404,555,761	419,129,334	-	-	141,756,803	277,372,531
Non-current lease liabilities	26,735,533	36,574,884	-	-	12,633,019	23,941,865
Non-current operating liabilities (excluding other liabilities)	5,024,000	5,024,000	-	-	5,024,000	-
Current financial liabilities	272,485,762	279,304,500	106,105,302	173,199,198	-	-
Current lease liabilities	2,717,596	3,901,293	2,111,294	1,789,999	-	-
Liabilities arising from commodity forward contracts*	-	692,870,222	360,984,978	280,011,423	51,873,821	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	359,751,260	359,751,260	354,459,153	5,292,107	-	-
Contingent liabilities for guarantees issued**	-	317,210,161	317,210,161	-	-	-
As at 31 December 2021	**1,071,269,912**	**2,113,765,654**	**1,140,870,888**	**460,292,727**	**211,287,643**	**301,314,396**

* Liabilities arising from commodity forward contracts entered into for purchasing purposes represent contractual cash outflows based on these contracts. At the same time, the Group/Company will receive corresponding payments based on offsetting commodity contracts entered into for selling purposes.
** A maximum amount of contingent liabilities is allocated to the period in which the Company can be requested to make a payment.

Current financial liabilities include derivative financial instruments totalling EUR 2,907,790.

7.3 Foreign exchange risk

The Group

(in EUR)	The Petrol Group 31 December 2020					
	EUR	USD	HRK	BAM	RSD	MKD
Cash and cash equivalents	41,589,098	2,647,365	25,007,622	4,793,284	11,422,061	1,826,793
Current operating receivables (excluding rec. from the state)	278,973,802	279,258	48,439,561	17,645,002	17,922,324	47,930
Non-current operating receivables	10,544,965	-	10,887	7,454	2,009	-
Current financial receivables	31,780,927	-	263,205	72,603	-	517,355
Non-current financial receivables	2,680,471	-	-	-	-	-
Non-current operating liabilities (excluding other liabilities)	(24,000)	-	-	-	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(211,838,704)	(50,401,302)	(25,122,761)	(3,880,964)	(1,926,354)	(49,004)
Non-current financial liabilities	(303,051,298)	-	(29,002)	-	(350,760)	-
Non-current lease liabilities	(28,343,302)	-	(21,095,447)	(3,316,441)	(1,641,921)	-
Current financial liabilities	(43,699,888)	(5,029,689)	(8,282)	-	(28,696)	-
Current lease liabilities	(4,542,967)	-	(4,867,773)	(323,307)	(335,305)	-
Exposure of the statement of financial position	**(225,930,896)**	**(52,504,368)**	**22,598,010**	**14,997,631**	**25,063,358**	**2,343,074**
Nominal value of forward contracts	(43,412,918)	42,652,825	-	-	-	-
Net exposure of the statement of financial position	**(269,343,814)**	**(9,851,543)**	**22,598,010**	**14,997,631**	**25,063,358**	**2,343,074**

(in EUR)	The Petrol Group 31 December 2021					
	EUR	USD	HRK	BAM	RSD	MKD
Cash and cash equivalents	61,013,124	1,156,764	29,756,999	2,417,531	2,101,401	92,091
Current operating receivables (excluding rec. from the state)	481,505,521	847,677	107,085,021	27,387,657	27,616,081	-
Non-current operating receivables	8,223,281	-	3,479	-	2,011	-
Current financial receivables	15,336,028	-	313,552	1,566	-	517,546
Non-current financial receivables	191,092	-	798,821	-	-	-
Non-current operating liabilities (excluding other liabilities)	(5,024,000)	-	-	-	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(419,139,745)	(64,856,729)	(67,497,119)	(6,317,304)	(1,851,569)	(710)
Non-current financial liabilities	(433,432,824)	-	(29,098)	-	(351,073)	-
Non-current lease liabilities	(27,145,512)	-	(59,134,959)	(3,279,377)	(3,431,785)	-
Current financial liabilities	(65,750,505)	(116,341)	(58,967)	-	(32,634)	-
Current lease liabilities	(2,941,874)	-	(9,844,609)	(419,962)	(561,685)	-
Exposure of the statement of financial position	**(387,165,414)**	**(62,968,629)**	**1,393,120**	**19,790,111**	**23,490,747**	**608,927**
Nominal value of forward contracts	(95,305,770)	85,448,575	-	-	-	-
Net exposure of the statement of financial position	**(482,471,184)**	**22,479,946**	**1,393,120**	**19,790,111**	**23,490,747**	**608,927**

	The Petrol Group							
	31 December 2020							
	RON	CHF	HUF	CZK	BGN	GBP	RUB	Total
	1,149,872	109,704	26,426	64,291	36,843	1,489	104	88,674,952
	613,350	-	8,745	-	-	-	-	363,929,972
	-	-	-	-	-	-	-	10,565,315
	-	-	-	-	-	-	-	32,634,090
	-	-	-	-	-	-	-	2,680,471
	-	-	-	-	-	-	-	(24,000)
	(60,933)	-	(615,339)	-	(52,685)	(1,971)	-	(293,950,017)
	-	-	-	-	-	-	-	(303,431,060)
	-	-	-	-	-	-	-	(54,397,111)
	-	-	-	-	-	-	-	(48,766,555)
	-	-	-	-	-	-	-	(10,069,352)
	1,702,289	**109,704**	**(580,168)**	**64,291**	**(15,842)**	**(482)**	**104**	**(212,153,295)**
	760,093	-	-	-	-	-	-	-
	2,462,382	**109,704**	**(580,168)**	**64,291**	**(15,842)**	**(482)**	**104**	**(212,153,295)**

	The Petrol Group							
	31 December 2021							
	RON	CHF	HUF	CZK	BGN	GBP	RUB	Total
	3,375,162	49,639	7,795	226,188	30,151	45	-	100,226,890
	442,479	-	8,718	-	-	-	-	644,893,154
	-	-	-	-	-	-	-	8,228,771
	-	-	-	-	-	-	-	16,168,692
	1,918	-	-	-	-	-	-	991,831
	-	-	-	-	-	-	-	(5,024,000)
	(1,050)	-	(583,483)	-	(77)	(48,161)	-	(560,295,947)
	-	-	-	-	-	-	-	(433,812,995)
	-	-	-	-	-	-	-	(92,991,633)
	-	-	-	-	-	-	-	(65,958,447)
	-	-	-	-	-	-	-	(13,768,130)
	3,818,509	**49,639**	**(566,970)**	**226,188**	**30,074**	**(48,116)**	**-**	**(401,341,814)**
	9,857,195	-	-	-	-	-	-	-
	13,675,704	**49,639**	**(566,970)**	**226,188**	**30,074**	**(48,116)**	**-**	**(401,341,814)**

The Company

(in EUR)	Petrol d.d. 31 December 2020 EUR	USD	HRK	BAM	RON
Cash and cash equivalents	33,323,786	2,394,754	7,567,158	5	1,136,359
Current operating receivables (excluding rec. from the state)	236,869,822	-	9,814	-	613,349
Non-current operating receivables	10,542,414	-	-	-	-
Current financial receivables	22,247,726	-	-	-	-
Non-current financial receivables	58,124,422	-	-	-	-
Non-current operating liabilities (excluding other liabilities)	(24,000)	-	-	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(178,030,111)	(50,308,066)	(17,581)	-	(106,130)
Non-current financial liabilities	(282,866,603)	-	-	-	-
Non-current lease liabilities	(27,608,922)	-	-	-	-
Current financial liabilities	(155,543,374)	(5,145,358)	-	-	-
Current lease liabilities	(4,259,323)	-	-	-	-
Exposure of the statement of financial position	**(287,224,163)**	**(53,058,670)**	**7,559,391**	**5**	**1,643,578**
Nominal value of forward contracts	(43,412,918)	42,652,825	-	-	760,093
Net exposure of the statement of financial position	**(330,637,081)**	**(10,405,845)**	**7,559,391**	**5**	**2,403,671**

(in EUR)	Petrol d.d. 31 December 2021 EUR	USD	HRK	BAM	RON
Cash and cash equivalents	53,486,780	351,048	19,083	55	3,366,757
Current operating receivables (excluding rec. from the state)	384,117,222	-	1,016,538	-	442,479
Non-current operating receivables	8,219,107	-	-	-	-
Current financial receivables	16,181,049	-	-	-	-
Non-current financial receivables	65,521,247	-	17,777,938	-	-
Non-current operating liabilities (excluding other liabilities)	(5,024,000)	-	-	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(294,782,530)	(62,955,829)	(1,381,180)	-	-
Non-current financial liabilities	(404,555,761)	-	-	-	-
Non-current lease liabilities	(26,735,533)	-	-	-	-
Current financial liabilities	(254,572,408)	(116,341)	(17,797,013)	-	-
Current lease liabilities	(2,717,596)	-	-	-	-
Exposure of the statement of financial position	**(460,862,423)**	**(62,721,122)**	**(364,634)**	**55**	**3,809,236**
Nominal value of forward contracts	(95,305,770)	85,448,575	-	-	9,857,195
Net exposure of the statement of financial position	**(556,168,193)**	**22,727,453**	**(364,634)**	**55**	**13,666,431**

The following exchange rates prevailed in 2021 and 2020:

Per 1 EUR	31 December 2021	31 December 2020
USD	1.1334	1.2281
HRK	7.5211	7.5460
BAM	1.9558	1.9558
RSD	117.4400	117.5300
CZK	24.9170	26.2520
RON	4.9494	4.8681
MKD	61.5350	61.5590
HUF	370.1500	364.8800
CHF	1.0363	1.0857
BGN	1.9558	1.9558

As far as foreign exchange risks are concerned, the Group/Company is most exposed to the risk of changes in the EUR/USD exchange rate arising from the procurement of petroleum products as these are primarily purchased in US dollars and sold in the domestic or foreign markets in local currencies.

The Group hedges against the exposure to changes in the EUR/USD exchange rate by fixing the exchange rate in order to secure the margin. The hedging instruments used in this case are forward contracts entered into with banks. During the epidemic and with the prices of petroleum products decreasing, no changes to the foreign exchange risk hedging system were needed.

	Petrol d.d.							
	31 December 2020							
	CHF	HUF	RSD	GBP	MKD	BGN	CZK	Total
	109,580	26,426	29,338	1,416	498	36,843	44,362	44,670,525
	-	8,745	-	-	-	-	-	237,501,730
	-	-	-	-	-	-	-	10,542,414
	-	-	-	-	-	-	-	22,247,726
	-	-	-	-	-	-	-	58,124,422
	-	-	-	-	-	-	-	(24,000)
	-	(582,213)	-	(1,971)	(40,484)	(52,685)	-	(229,139,241)
	-	-	-	-	-	-	-	(282,866,603)
	-	-	-	-	-	-	-	(27,608,922)
	-	-	-	-	-	-	-	(160,688,732)
	-	-	-	-	-	-	-	(4,259,323)
	109,580	**(547,042)**	**29,338**	**(555)**	**(39,986)**	**(15,842)**	**44,362**	**(331,500,004)**
	-	-	-	-	-	-	-	-
	109,580	**(547,042)**	**29,338**	**(555)**	**(39,986)**	**(15,842)**	**44,362**	**(331,500,004)**

	Petrol d.d.							
	31 December 2021							
	CHF	HUF	RSD	GBP	MKD	BGN	CZK	Total
	49,639	7,795	29,358	45	498	30,151	226,188	57,567,397
	-	8,718	-	-	-	-	-	385,584,957
	-	-	-	-	-	-	-	8,219,107
	-	-	-	-	-	-	-	16,181,049
	-	-	-	-	-	-	-	83,299,185
	-	-	-	-	-	-	-	(5,024,000)
	-	(583,483)	-	(48,161)		(77)	-	(359,751,260)
	-	-	-	-	-	-	-	(404,555,761)
	-	-	-	-	-	-	-	(26,735,533)
	-	-	-	-	-	-	-	(272,485,762)
	-	-	-	-	-	-	-	(2,717,596)
	49,639	**(566,970)**	**29,358**	**(48,116)**	**498**	**30,074**	**226,188**	**(520,418,217)**
	-	-	-	-	-	-	-	-
	49,639	**(566,970)**	**29,358**	**(48,116)**	**498**	**30,074**	**226,188**	**(520,418,217)**

The effect of forward contracts

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Unrealised loss	(287,484)	(786,222)	(287,484)	(786,222)
Unrealised gain	-	2,636	-	2,636
Realised loss	(1,728,783)	(3,887,227)	(1,728,783)	(3,887,227)
Realised gain	4,195,325	2,099,191	4,195,325	2,099,191
Total effect of forward contracts	**2,179,058**	**(2,571,622)**	**2,179,058**	**(2,571,622)**

The effect of forward contracts should be considered together with foreign exchange differences arising on the purchase of oil and petroleum products. The total effect of forward contracts and foreign exchange differences was as follows: revenue of EUR 2,721,775 (2020: expenses of EUR 62,817) for the Group and revenue of EUR 1,787,256 (2020: expenses of EUR 179,422) for the Company.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovenian banks, the Group/Company considers the counterparty default risk is minimal. The Group is also exposed to foreign exchange risks in doing business with its subsidiaries in SE Europe. Considering the low volatility of the exchange rates of local currencies in SE Europe markets and the relatively

low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In 2021, the Group/Company was also exposed to certain other currencies (RON, HUF), which was hedged using derivative financial instruments. Exposure to currencies in other markets in which the Group/Company is present through its companies is either smaller or the currencies are considerably less volatile compared to the euro. We estimate that a change in the exchange rate would not have a material impact on profit or loss.

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

An unfavourable change in any currency pair by 10 percent would decrease net profit by a maximum of EUR 3,161,421 (2020: EUR 2,451,284), with the EUR/BAM currency pair being treated as fixed.

7.4 Price and volumetric risk

The Group/Company is exposed to price and volumetric risks arising from energy operations. The Group/Company manages price and volumetric risks primarily by aiming to align the purchases and sales of energy products in terms of quantities, as well as purchase and sales conditions, thus securing its margin. Depending on the business model of the energy product, limits are set that limit the exposure to price and volumetric risks.

To hedge petroleum product prices, the Group/Company uses mostly derivative financial instruments. Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company considers the counterparty default risk as minimal.

The effect of commodity swaps

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Unrealised loss	(116,341)	(5,029,689)	(116,341)	(5,145,357)
Unrealised gain	34,337,157	11,105,252	34,231,810	11,050,505
Realised loss	(235,612,141)	(69,439,844)	(236,216,896)	(71,128,290)
Realised gain	235,594,823	89,001,406	235,614,924	88,697,950
Total effect of commodity swaps	**34,203,498**	**25,637,125**	**33,513,497**	**23,474,808**

In the electricity trading segment, the effect of changes in electricity market prices on the market value of contracts is calculated (mark-to-market approach).

A change in electricity market prices of ±3 percent as at 31 December 2021 would mean that the market value of the contracts would be EUR ±163,000. The calculation includes both physical and financial transactions.

7.5 Interest rate risk

The Group/Company is exposed to interest rate risks because it takes out loans with a floating interest rate, which are mostly EURIBOR-based. In 2021, the Group/Company continued to monitor exposure to changes in net interest expense in the case of interest rate changes.

The exposure to interest rate risks is hedged using the following instruments:

- partly through ongoing operations, the Group's/Company's interest rate on operating receivables being indirectly EURIBOR-based;
- partly through forward markets by entering into interest rate swaps;
- taking out loans with a fixed interest rate.

The Group/Company uses "hedge accounting" on interest rate swaps. Hedged items and hedging instruments represent an effective hedging relationship, which is why interest rate risk hedging outcomes are recognised directly in equity.

Overview of EURIBOR interest rates in 2021 and 2020

	6-month Euribor	3-month Euribor	1-month Euribor
Value as at 31/12/2020 (in percent)	(0.523)	(0.538)	(0.555)
Value as at 31/12/2021 (in percent)	(0.544)	(0.571)	(0.594)
Change in interest rate (in percentage points)	**(0.021)**	**(0.033)**	**(0.039)**
The lowest value in 2021 (in percent)	(0.554)	(0.605)	(0.648)
The lowest value in 2021 (in percent)	(0.505)	(0.534)	(0.547)
Change between the lowest and the highest interest rate (in percentage points)	**0.049**	**0.071**	**0.101**
Average value in 2020 (in percent)	(0.367)	(0.427)	(0.499)
Average value in 2021 (in percent)	(0.523)	(0.549)	(0.561)
Change in average interest rate (in percentage points)	**(0.156)**	**(0.122)**	**(0.062)**

Interest rate swaps by maturity

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
6 to 12 months	74,000,000	24,000,000	74,000,000	24,000,000
1 to 5 years	307,000,000	231,000,000	257,000,000	181,000,000
Total interest rate swaps	**381,000,000**	**255,000,000**	**331,000,000**	**205,000,000**

The effect of interest rate swaps

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Unrealised loss on effective transactions	4,109,730	(128,073)	3,283,988	124,723
Realised loss	(2,156,222)	(1,787,481)	(1,968,491)	(1,632,798)
Total effect of interest rate swaps	**1,953,508**	**(1,915,554)**	**1,315,497**	**(1,508,075)**

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial receivables	1,788,799	2,433,594	95,847,532	78,258,364
Financial liabilities	(144,855,441)	(44,966,831)	(316,133,210)	(179,582,099)
Net financial instruments with a fixed interest rate	**(143,066,642)**	**(42,533,237)**	**(220,285,678)**	**(101,323,735)**

Financial instruments with a variable interest rate

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial receivables	15,371,724	32,880,967	3,632,702	2,113,784
Financial liabilities	(354,916,001)	(307,230,784)	(360,908,313)	(263,973,236)
Net financial instruments with a variable interest rate	**(339,544,277)**	**(274,349,817)**	**(357,275,611)**	**(261,859,452)**

Value of financial liabilities hedged using interest rate swaps

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Interest rate swaps	381,000,000	255,000,000	331,000,000	205,000,000
Total interest rate swaps	**381,000,000**	**255,000,000**	**331,000,000**	**205,000,000**

A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) the net profit or loss by the amounts indicated below. Cash flow sensitivity analysis in the case of instruments with a variable interest rate assumes that all variables, in particular foreign exchange rates, remain unchanged. When performing the calculation, the value of receivables (liabilities) with variable interest rates is further decreased by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

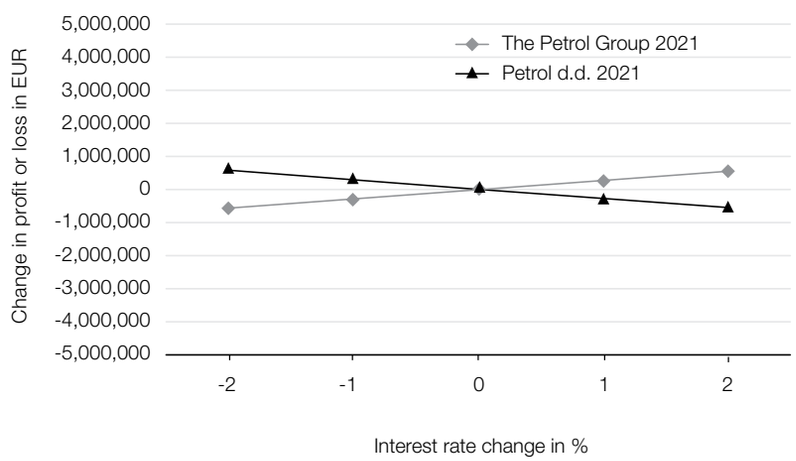
Change in profit or loss in the case of an increase by 100 or 200 bp

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash flow variability (net)–100 bp	414,557	(193,498)	(262,756)	(568,595)
Cash flow variability (net)–200 bp	829,114	(386,996)	(525,512)	(1,137,189)

Change in profit or loss in the case of a decrease by 100 or 200 bp:

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash flow variability (net)–100 bp	(414,557)	193,498	262,756	568,595
Cash flow variability (net)–200 bp	(829,114)	386,996	525,512	1,137,189

Effect of changes in interest rates on profit or loss



7.6 Capital adequacy management

The main purpose of capital adequacy management is to ensure the best possible financial stability, long-term solvency and maximum shareholder value. The Group/Company also achieves this through a 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 9 April 2021, 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 2021, despite the impact of the epidemic, the Petrol Group maintained the net debt to equity ratio at appropriate levels through good operating performance.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current financial liabilities	433,812,995	303,431,060	404,555,761	282,866,603
Non-current lease liabilities	92,991,633	54,397,111	26,735,533	27,608,922
Current financial liabilities	65,958,447	48,766,555	272,485,762	160,688,732
Current lease liabilities	13,768,130	10,069,352	2,717,596	4,259,323
Total financial liabilities	606,531,205	416,664,078	706,494,652	475,423,580
Total equity	908,698,005	826,669,437	609,914,620	585,981,368
Debt/Equity	**0.67**	**0.50**	**1.16**	**0.81**
Cash and cash equivalents	100,226,890	88,674,952	57,567,397	44,670,525
Net financial liabilities	506,304,315	327,989,126	648,927,255	430,753,055
Net debt/Equity	**0.56**	**0.40**	**1.06**	**0.74**

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

	The Petrol Group			
	31 December 2021		31 December 2020	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	5,909,845	5,909,845	4,738,081	4,738,081
Non-derivative financial assets at amortised cost				
Fin. receivables (excluding derivative financial instruments)	17,160,523	17,160,523	35,314,561	35,314,561
Operating receivables (excluding receivables from the state)	653,121,925	653,121,925	374,495,287	374,495,287
Contract assets	3,338,893	3,338,893	1,949,652	1,949,652
Cash and cash equivalents	100,226,890	100,226,890	88,674,952	88,674,952
Total non-derivative financial assets	**779,758,076**	**779,758,076**	**505,172,533**	**505,172,533**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(496,863,652)	(496,863,652)	(341,002,431)	(341,002,431)
Lease liabilities	(106,759,763)	(106,759,763)	(64,466,463)	(64,466,463)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(565,319,947)	(565,319,947)	(293,974,017)	(293,974,017)
Total non-derivative financial liabilities	**(1,168,943,362)**	**(1,168,943,362)**	**(699,442,911)**	**(699,442,911)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	34,666,891	34,666,891	11,107,888	11,107,888
Derivative financial instruments (liabilities)	(2,907,790)	(2,907,790)	(11,195,184)	(11,195,184)
Total derivative financial instruments	**31,759,101**	**31,759,101**	**(87,296)**	**(87,296)**

Petrol d.d., Ljubljana

(in EUR)	Petrol d.d.			
	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	3,218,360	3,218,360	2,327,008	2,327,008
Non-derivative financial assets at amortised cost				
Fin. receivables (excluding derivative financial instruments)	99,480,234	99,480,234	80,372,148	80,372,148
Operating receivables (excluding receivables from the state)	393,804,064	393,804,064	248,044,144	248,044,144
Contract assets	7,604,649	7,604,649	3,276,761	3,276,761
Cash and cash equivalents	57,567,397	57,567,397	44,670,525	44,670,525
Total non-derivative financial assets	**561,674,704**	**561,674,704**	**378,690,586**	**378,690,586**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(674,133,733)	(674,133,733)	(430,158,309)	(430,158,309)
Lease liabilities	(29,453,129)	(29,453,129)	(31,868,245)	(31,868,245)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(364,775,260)	(364,775,260)	(229,163,241)	(229,163,241)
Total non-derivative financial liabilities	**(1,068,362,122)**	**(1,068,362,122)**	**(691,189,795)**	**(691,189,795)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	34,561,544	34,561,544	11,053,141	11,053,141
Derivative financial instruments (liabilities)	(2,907,790)	(2,907,790)	(13,397,026)	(13,397,026)
Total derivative financial instruments	**31,653,754**	**31,653,754**	**(2,343,885)**	**(2,343,885)**

Presentation of financial assets and liabilities disclosed at fair value according to the fair value hierarchy

The Petrol Group

Fair value of assets

(in EUR)	31 December 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	34,666,891	-	-	34,666,891	11,107,888	-	-	11,107,888
Financial assets at fair value through other comprehensive income	1,442,724	-	4,467,121	5,909,845	209,094	-	4,528,987	4,738,081
Total assets at fair value	**36,109,615**	**-**	**4,467,121**	**40,576,736**	**11,316,982**	**-**	**4,528,987**	**15,845,969**
Non-current financial receivables	-	-	991,831	991,831	-	-	2,680,471	2,680,471
Current financial receivables	-	-	16,168,692	16,168,692	-	-	32,634,090	32,634,090
Non-current operating receivables	-	-	8,228,771	8,228,771	-	-	10,565,315	10,565,315
Current operating receivables (excluding rec. from the state)	-	-	644,893,154	644,893,154	-	-	363,929,972	363,929,972
Contract assets	-	-	3,338,893	3,338,893	-	-	1,949,652	1,949,652
Cash and cash equivalents	-	-	100,226,890	100,226,890	-	-	88,674,952	88,674,952
Total assets with fair value disclosure	**-**	**-**	**773,848,231**	**773,848,231**	**-**	**-**	**500,434,452**	**500,434,452**
Total assets	**36,109,615**	**-**	**778,315,352**	**814,424,967**	**11,316,982**	**-**	**504,963,439**	**516,280,421**

The fair value of financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of a 5.0-percent required rate of return before taxes and a 1.5-percent long-term growth rate. An increase in the above assumptions by 0.5 percentage point would have caused the fair value to increase by EUR 2,114,879. A decrease in the above assumptions by 0.5 percentage point would have caused the fair value to decrease by EUR 846,121.

Fair value of liabilities

	31 December 2021				31 December 2020			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(2,907,790)	-	-	(2,907,790)	(11,195,184)	-	-	(11,195,184)
Total liabilities at fair value	**(2,907,790)**	**-**	**-**	**(2,907,790)**	**(11,195,184)**	**-**	**-**	**(11,195,184)**
Non-current financial liabilities	-	-	(433,812,995)	(433,812,995)	-	-	(303,431,060)	(303,431,060)
Non-current lease liabilities	-	-	(92,991,633)	(92,991,633)	-	-	(54,397,111)	(54,397,111)
Current financial liabilities (excluding liabilities at fair value)	-	-	(63,050,657)	(63,050,657)	-	-	(37,571,371)	(37,571,371)
Current lease liabilities	-	-	(13,768,130)	(13,768,130)	-	-	(10,069,352)	(10,069,352)
Non-current operating liabilities (excluding other liabilities)	-	-	(5,024,000)	(5,024,000)	-	-	(24,000)	(24,000)
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	-	-	(560,295,947)	(560,295,947)	-	-	(293,950,017)	(293,950,017)
Total liabilities with fair value disclosure	**-** **-**		**(1,168,943,362)** **(1,168,943,362)**		**-**	**-**	**(699,442,911)**	**(699,442,911)**
Total liabilities	**(2,907,790)**	**-**	**(1,168,943,362)**	**(1,171,851,152)**	**(11,195,184)**	**-**	**(699,442,911)**	**(710,638,095)**

Petrol d.d., Ljubljana

Fair value of assets

	31 December 2021				31 December 2020			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	34,561,544	-	-	34,561,544	11,053,141	-	-	11,053,141
Financial assets at fair value through other comprehensive income	1,100,446	-	2,117,914	3,218,360	209,094	-	2,117,914	2,327,008
Total assets at fair value	**35,661,990**	**-**	**2,117,914**	**37,779,904**	**11,262,235**	**-**	**2,117,914**	**13,380,149**
Non-current financial receivables	-	-	83,299,185	83,299,185	-	-	58,124,422	58,124,422
Current financial receivables	-	-	16,181,049	16,181,049	-	-	22,247,726	22,247,726
Non-current operating receivables	-	-	8,219,107	8,219,107	-	-	10,542,414	10,542,414
Current operating receivables (excluding rec. from the state)	-	-	385,584,957	385,584,957	-	-	237,501,730	237,501,730
Contract assets	-	-	7,604,649	7,604,649	-	-	3,276,761	3,276,761
Cash and cash equivalents	-	-	57,567,397	57,567,397	-	-	44,670,525	44,670,525
Total assets with fair value disclosure	**-**	**-**	**558,456,344**	**558,456,344**	**-**	**-**	**376,363,578**	**376,363,578**
Total assets	**35,661,990**	**-**	**560,574,258**	**596,236,248**	**11,262,235**	**-**	**378,481,492**	**389,743,727**

The fair value of financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of an 5-percent required rate of return before taxes and a 1.5-percent long-term growth rate. An increase in the above assumptions by 0.5 percentage point would have caused the fair value to increase by EUR 751,086. A decrease in the above assumptions by 0.5 percentage point would have caused the fair value to decrease by EUR 539,914.

Fair value of liabilities

(in EUR)	31 December 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(2,907,790)	-	-	(2,907,790)	(10,828,180)	-	(2,568,846)	(13,397,026)
Total liabilities at fair value	**(2,907,790)**	**-**	**-**	**(2,907,790)**	**(10,828,180)**	**-**	**(2,568,846)**	**(13,397,026)**
Non-current financial liabilities	-	-	(404,555,761)	(404,555,761)	-	-	(282,866,603)	(282,866,603)
Non-current lease liabilities	-	-	(26,735,533)	(26,735,533)	-	-	(27,608,922)	(27,608,922)
Current financial liabilities (excluding liabilities at fair value)	-	-	(269,577,972)	(269,577,972)	-	-	(147,291,706)	(147,291,706)
Current lease liabilities	-	-	(2,717,596)	(2,717,596)	-	-	(4,259,323)	(4,259,323)
Non-current operating liabilities (excluding other liabilities)	-	-	(5,024,000)	(5,024,000)	-	-	(24,000)	(24,000)
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	-	-	(359,751,260)	(359,751,260)	-	-	(229,139,241)	(229,139,241)
Total liabilities with fair value disclosure	**-**	**-**	**(1,068,362,122)**	**(1,068,362,122)**	**-**	**-**	**(691,189,795)**	**(691,189,795)**
Total liabilities	**(2,907,790)**	**-**	**(1,068,362,122)**	**(1,071,269,912)**	**(10,828,180)**	**-**	**(693,758,641)**	**(704,586,821)**

Changes in Level 3 assets measured at fair value

(in EUR)	The Petrol Group		Petrol d.d.	
	2021	2020	2021	2020
As at 1 January	**4,528,987**	**4,528,987**	**2,117,914**	**2,117,914**
New acquistions	-	1,398,705	-	1,398,705
Disposals	-	(419,612)	-	(419,612)
Total profit or losses recognised in the statement of comprehensive income	(61,866)	-	-	-
Total profit or losses recognised in the statement of profit or loss	-	(979,093)	-	(979,093)
As at 31 December	**4,467,121**	**4,528,987**	**2,117,914**	**2,117,914**

8. Related party transactions

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. The ownership structure as at 31 December 2021 is presented in the chapter *The Management and Governance System of Petrol d.d.*, Ljubljana in the business report.

All of the Group/Company related party transactions were carried out based on the market conditions applicable to transactions with unrelated parties.

Companies in the Petrol Group

	The Petrol Group		Petrol d.d.	
(in EUR)	2021	2020	2021	2020
Sales revenue:				
Subsidiaries	-	-	415,270,782	206,991,780
Jointly controlled entities	2,311,547	534,220	18,346	32,337
Associates	29,528	23,110	29,528	23,110
Cost of goods sold:				
Subsidiaries	-	-	83,445,895	43,752,057
Jointly controlled entities	142,232	98,326	-	-
Costs of materials:				
Subsidiaries	-	-	412,845	218,101
Jointly controlled entities	2,509	1,976	-	902
Costs of services:				
Subsidiaries	-	-	685,341	593,551
Jointly controlled entities	1,380	-	-	-
Gain on derivatives:				
Subsidiaries	-	-	2,568,846	1,143,174
Loss on derivatives:				
Subsidiaries	-	-	934,626	1,726,045
Finance income from interests in Group companies:				
Subsidiaries	-	-	1,823,324	2,099,063
Jointly controlled entities	300,040	124,978	135,495	172,934
Associates	2,283,731	3,383,812	1,328,236	1,328,681
Finance income from interest:				
Subsidiaries	-	-	1,052,504	505,509
Jointly controlled entities	317	456	317	456
Other finance income:				
Subsidiaries	1,179,726	-	68,409	173,383
Associates	729	1,433	729	1,433
Finance expenses due to impairment of investments and goodwill:				
Subsidiaries	873,366	2,662,470	11,193,296	3,605,872
Finance expenses for interest:				
Subsidiaries	-	-	2,220,406	1,218,265
Jointly controlled entities	-	224	-	224
Allowance for operating receivables:				
Jointly controlled entities	-	426,265	-	426,265

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Investments in Group companies:				
Subsidiaries	-	-	553,970,331	351,013,627
Jointly controlled entities	704,501	562,016	210,000	233,000
Associates	55,169,626	55,953,391	26,610,477	29,185,477
Non-current financial receivables:				
Subsidiaries	-	-	83,233,789	56,492,385
Current operating receivables:				
Subsidiaries	-	-	56,193,756	16,575,671
Jointly controlled entities	684,743	125,748	3,900	2,301
Associates	842	1,244	842	1,244
Current financial receivables:				
Subsidiaries	-	-	14,741,616	20,778,358
Jointly controlled entities	-	68,800	-	68,800
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	-	377,677
Short-term deferred costs and expenses:				
Subsidiaries	-	-	7,523,646	424,711
Contract assets:				
Subsidiaries	-	-	5,559,143	1,364,744
Non-current financial liabilities:				
Subsidiaries	-	-	21,000,000	29,638,849
Current financial liabilities:				
Subsidiaries	-	-	207,418,493	112,597,148
Jointly controlled entities	300,000	300,025	300,000	300,025
Current operating liabilities:				
Subsidiaries	-	-	17,420,542	6,438,681
Jointly controlled entities	-	9,867	-	-
Contract liabilities				
Subsidiaries	-	-	9,241	5,773

Remuneration of Supervisory Board and committee members of Petrol d.d., Ljubljana, in accordance with Appendix C4 of the Slovenian Corporate Governance Code

(in EUR)	Function	Basic SB payment	Attendance fees	Travel expenses	Sum gross	Sum net
Janez Žlak	President of the Supervisory Board since 22 April 2021	18,156	2,585	-	20,741	15,085
Borut Vrviščar*	Deputy President of the Supervisory Board since 22 April 2021	15,731	2,585	-	18,316	13,321
Aleksander Zupančič	Member of the Supervisory board since 11 April 2021	13,397	3,201	848	17,445	12,688
Alenka Urnaut Ropoša	Member of the Supervisory board since 11 April 2021	14,693	3,201	-	17,894	13,015
Mário Selecký	Member of the Supervisory board since 11 April 2021	13,397	2,090	-	15,487	12,002
Mladen Kaliterna**	Member of the Supervisory board	26,045	4,851	-	30,896	22,471
Alen Mihelčič***	Member of the Supervisory board	25,258	3,575	-	28,833	20,970
Robert Ravnikar***	Member of the Supervisory board	25,258	4,191	-	29,449	21,418
Marko Šavli***	Member of the Supervisory board	18,844	4,235	-	23,079	16,786
Janez Pušnik	External member of the Audit Committee until 22 April 2021, Member of the Supervisory board until 10 April 2021	11,053	2,926	-	13,979	10,167
Sašo Berger	President of the Supervisory Board until 10 April 2021	17,306	990	-	18,296	13,306
Igo Gruden	Deputy President of the Supervisory Board until 10 April 2021	12,483	1,870	-	14,353	10,438
Metod Podkrižnik	Member of the Supervisory board until 10 April 2021	11,861	1,650	-	13,511	9,827
Sergij Goriup	Member of the Supervisory board until 10 April 2021	12,347	990	-	13,337	9,700
Christoph Geymayer	External member of the Audit Committee until 16 April 2021	1,413	880	-	2,293	1,668
Zoran Gračner	Member of the Supervisory board until 10 December 2020	6,598	-	-	6,598	4,799
Total:		**243,840**	**39,820**	**848**	**284,507**	**207,660**

* Member of the Supervisory Board from 11 April 2021.
** President of the Supervisory Board from 11 April 2021 to 21 April 2021, extended four-year term of office from 16 July 2021.
*** Extended four-year term of office from 23 February 2021.

Remuneration of Management Board members of Petrol d.d., Ljubljana, in accordance with Appendix C3 of the Slovenian Corporate Governance Code

2020

(in EUR)	Fixed remuneration - gross**	Variable remuneration - gross***			Deferred remuneration	Termination payments	Benefits	Clawback	Sum gross	Sum net
		Based on quantitative criteria	Based on qualitative criteria	Total						
Nada Drobne Popović, President of the Management Board	192,341	670	330	1,000	-	-	10,873	-	204,214	84,902
Jože Bajuk, Member of the Management Board since 11 March 2020	130,650	517	254	771	-	-	6,579	-	138,000	62,747
Matija Bitenc, Member of the Management Board since 11 March 2020	130,650	517	254	771	-	-	10,387	-	141,808	61,471
Jože Smolič, Member of the Management Board since 28 August 2020	57,733	141	70	211	-	-	4,790	-	62,734	26,416
Danijela Ribarič Selaković, Member of the Management Board until 10 March 2020	32,332	151	74	225	-	-	572	-	33,129	15,379
Tomaž Berločnik, MSc, President of the Management Board until 24 October 2019	-	55,275	27,225	82,500	-	-	-	-	82,500	48,201
Rok Vodnik, MSc, Member of the Management Board until 24 October 2019	-	46,900	23,100	70,000	-	-	-	-	70,000	40,898
Igor Stebernak, Member of the Management Board until 24 October	-	46,900	23,100	70,000	-	-	-	-	70,000	40,898
Ika Krevzel Panić, Worker Director until 10 December 2020	82,073	15,020	7,398	22,418	-	-	3,020	-	107,511	56,499
Zoran Gračner, Worker Director since 11 December 2020	5,787	-	-	-	-	-	223	-	6,010	3,265
Total:	**631,566**	**166,091**	**81,805**	**247,896**	**-**	**-**	**36,444**	**-**	**915,906**	**440,676**

2021

(in EUR)	Fixed remuneration - gross**	Variable remuneration - gross***			Deferred remuneration	Termination payments	Benefits	Clawback	Sum gross	Sum net
		Based on quantitative criteria	Based on qualitative criteria	Total						
Nada Drobne Popović, President of the Management Board	198,166	33,347	100,040	133,387	-	-	28,945	-	360,498	132,971
Jože Bajuk, Member of the Management Board	169,100	22,980	68,941	91,921	-	-	27,742	-	288,763	108,205
Matija Bitenc, Member of the Management Board	169,100	22,980	68,941	91,921	-	-	26,622	-	287,643	111,196
Jože Smolič, Member of the Management Board	169,100	9,939	29,817	39,756	-	-	23,896	-	232,752	88,143
Zoran Gračner, Worker Director	107,506	2,966	8,898	11,864	-	-	3,452	-	122,822	66,967
Total:	**812,972**	**92,212**	**276,637**	**368,849**	**-**	**-**	**110,657**	**-**	**1,292,478**	**507,482**

* Travel expenses, costs of accommodation and subsistence allowance are not disclosed as by their nature they do not represent Management Board remuneration.
** Fixed remuneration – gross comprises the basic salary and pay for annual leave.
*** Variable remuneration – gross comprises the annual bonus and the performance bonus.

Total remuneration paid in 2021 by the Company to members of the Workers' Council stood at EUR 7,988.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2021.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2021, except for liabilities arising from December salaries payable in January 2022.

In 2021 members of the Company's Management Board and Supervisory Board were not remunerated for the functions performed in the management and supervisory bodies of the Petrol Group's subsidiaries.

9. Contingent liabilities

Contingent liabilities for guarantees issued

The maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 217,624,992 as at 31 December 2021 (31 December 2020: EUR 158,227,285) and were as follows:

(in EUR)	Petrol d.d.		Petrol d.d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Petrol d.o.o.	139,287,883	99,171,455	79,389,205	67,990,968
Vjetroelektrarna Ljubač d.o.o.	23,792,130	23,792,130	-	-
Geoplin d.o.o. Ljubljana	21,000,000	13,000,000	-	8,069,782
E 3, d.o.o.	15,000,000	-	4,781,973	-
Petrol BH Oil Company d.o.o. Sarajevo	4,466,135	4,193,616	67,104	2,634,186
Petrol d.o.o. Beograd	3,500,000	7,625,489	80,749	833,397
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	1,800,000
Petrol Crna Gora MNE d.o.o.	420,000	480,000	189,941	124,856
Aquasystems d.o.o.	373,318	373,318	373,318	373,318
Total	**210,839,466**	**151,636,008**	**86,682,290**	**81,826,507**
Bills of exchange issued as security	99,585,169	10,471,618	99,585,169	10,471,618
Other guarantees	6,785,526	6,591,277	6,785,526	6,591,277
Total contingent liabilities for guarantees issued	**317,210,161**	**168,698,903**	**193,052,985**	**98,889,402**

The value of the guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability, as reported on 31 December, for which the guarantee has been issued.

Contingent liabilities for lawsuits
The total value of lawsuits against the Company as defendant and debtor totals EUR 919,435. Interest on overdue amounts arising from the claims stood at EUR 118,787 as at 31 December 2021. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside long-term provisions. See explanation in Note 6.34.

The total value of lawsuits against the Group as defendant and debtor totals EUR 1,465,113. Interest on overdue amounts arising from the claims stood at EUR 118,787 as at 31 December 2021. The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside long-term provisions. See explanation in Note 6.34.

Inventories owned by other entities
The Group's and the Company's inventories as at 31 December 2021 included commodity reserve stocks of the Republic of Slovenia totalling EUR 188,730,588 (EUR 107,592,089 as at 31 December 2020). The Company's and the Group's inventories as at 31 December 2021 also included goods delivered on consignment totalling EUR 9,963,690 (EUR 31,750,932 as at 31 December 2020) and EUR 12,606,606 (EUR 32,787,543 as at 31 December 2020), respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

10. Events after the reporting date

The Petrol Group's operations are integrated into international energy flows. The war in Ukraine is also affecting the energy market, which is mainly reflected in rising energy prices, while energy supplies are currently uninterrupted.

The Petrol Group does not have its own companies or representative offices in Ukraine, the Russian Federation and Belarus. The share of sales revenue generated by the Petrol Group in these markets is negligible, and the purchase of energy products in these markets, except for natural gas, represents a small share in the Petrol Group's purchasing portfolio. In 2021 and the first two months of 2022, Russia as a source of supply has accounted for less than 7% as regards Petrol d.d., Ljubljana's middle distillates (diesel and extra light heating oil), and as for petrol, we do not import it from Russia.

The largest part of the Petrol Group's operations with companies from the Russian Federation is the purchase of natural gas, which takes place through Geoplin d.o.o., Ljubljana. For the time being, deliveries from Russia are going smoothly and in accordance with contractual obligations. Geoplin d.o.o., Ljubljana has a diversified supply portfolio and will do everything in its power to ensure the uninterrupted supply of natural gas to its customers.

As of 31 December 2021, the Petrol Group had the following exposure in its balance sheet to companies from the Russian Federation, Ukraine, and Belarus:

- Advanced payments for supplies amounting to 11,959 thousand euros (17 March 2022: 11,959 thousand euros) or 0.5% of the Petrol Group's assets as of 31 December 2021 (17 March 2022: 0.5% of assets).
- Liabilities to suppliers amounting to 192 thousand euros (17 March 2022: 20,200 thousand euros) or 0.008% of the Petrol Group's liabilities as of 31 December 2021 (17 March 2022: 0.84 % of liabilities).

The Petrol Group closely monitors the situation in both the energy and financial markets. As a provider of essential services under the Information Security Act, we also carry out appropriate security measures and activities. For the time being, the Petrol Group's operations are running smoothly, we are monitoring the situation through a risk identification and management system and taking appropriate measures to ensure an uninterrupted supply of energy.

After analysing the impact of the situation in Russia and Ukraine on our operations, we estimate that the situation known at the time of preparing the annual report does not affect the fulfilment of the Petrol Group's plan for 2022.

In 2022, energy prices continue their upward progress, to which governments respond with various regulatory measures in the markets, in which the Petrol Group is active. The effects of regulation are continuously being considered; however, due to ongoing changes during the drawing up of the annual report, we are not in a position to be able to precisely assess the potential impact on the realisation of the Petrol Group's plan for 2022.

There were no other events after the reporting date that would significantly affect the presented financial statements for 2021.

11. Financial statements of Petrol d.d., Ljubljana by activity in accordance with the Services of General Economic Interest Act and the Energy Act

11.1 Introduction

The energy part comprises an overview of the financial statements that the Company is obliged to disclose in accordance with the Energy Act (Official Gazette of the RS No. 17/14, 81/15 and 43/19), which stipulates that undertakings performing energy activities in the field of electricity or natural gas or heat supply have to prepare, audit and publish annual financial statements in the manner prescribed by law for companies, irrespective of their legal form and ownership.

In accordance with Article 66 of the Services of General Economic Interest Act (Official Gazette of the RS, No. 32/93 and 30/98), the Company has to separately monitor all accounting records that enable the calculation of costs, expenses and revenue according to the principles applicable to companies.

According to the provisions of the Energy Act, the annual report shall also include the rules and criteria based on which assets, liabilities, revenue and expenses are allocated to individual energy activities.

11.2 Accounting policies for separating financial statements

In separating financial statements, the principles of prudence and accuracy were taken into account. The Company maintains separate accounting records for each activity, thus enabling the close monitoring of all forms of revenue and expenses. At the same time, the Company discloses in its books fixed assets separately for individual activities.

The Company prepares separate financial statements in the electricity segment for the following activities:

- Production of electricity – energy activity, market activity;
- Distribution of electricity (closed distribution system) – energy activity, regulated activity, acquired the status of a closed distribution system in the area of the Ravne ironworks and Štore ironworks;
- Supply of electricity – energy activity, market activity.

The Company prepares separate financial statements in the natural gas segment for the following activities:

- Distribution of natural gas (distribution system operator) – energy activity, regulated activity, optional service of general economic interest;
- Distribution of natural gas (closed distribution system) – energy activity, regulated activity, acquired the status of a closed distribution system in the area of the Štore ironworks;
- Supply of natural gas – energy activity, market activity.

The Company prepares separate financial statements in the heat segment for the following activities:

- Heat generation – energy activity, regulated activity;
- Distribution and supply of heat – energy activity, regulated activity, optional service of general economic interest.

The Company also prepares separate financial statements in the municipal and wastewater treatment segment.

Among other activities, the Company discloses all other marketing activities.

Within the Company, two areas are organised in the energy segment - the area of Energy and Environmental Systems and the area of Energy Product and Electricity Management, where the listed energy activities are carried out. The areas are organised separately, each area having its own executive director and its own specifics of organisation.

The Company carries revenues and expenses in orders, cost centres and profit centres. Assets and liabilities are carried under profit centres. Intangible non-current assets, property, plant and equipment and investment property that have already been activated are carried under tasks or cost centres.

Within an individual energy activity, the Company has open profit centres up to the level of an individual local community or individual energy system, so that we have recognised revenues and expenses directly on individual activities as much as possible. Each activity has a profit centre – general, where the total income and expenses for each individual activity are recorded. The sum of all the income at profit centres represents the direct revenues of an individual activity, and the sum of all expenses represents the direct costs of an individual activity.

Criterion 1:
Direct costs by activity, together with direct costs at the profit centre – general, are the basis for the division of indirect income and indirect costs and expenses.

The Energy and Environmental Systems organisational unit supports Energy and Environmental Systems, where general costs belonging to the entire area are carried.

Within this area, we perform energy activities: production of electricity, distribution of electricity – closed distribution system, distribution of natural gas (as an open and closed distribution system), heat generation and heat distribution.

In addition to these activities, we also perform the activity of municipal and wastewater treatment. We also perform other energy marketing activities, which the Company presents in separate financial statements among other activities.

Criterion 2:
Direct costs by individual activity, together with direct costs at the profit centre – general, represent the sum of individual activities performed in Energy and Environmental Systems and are the basis for the division of indirect costs and expenses carried under support of Energy and Environmental Systems - 1st coverage for Energy and Environmental Systems.

The Energy Product and Electricity Management organisational unit supports Energy Product and Electricity Management - general, where general costs belonging to the entire area are recorded.

Within this area, we perform energy activities: supply of electricity, supply of natural gas (as open and closed distribution systems), heat generation, and heat distribution. We also perform other energy marketing activities, which the Company presents in separate financial statements among other activities.

Criterion 3:
Direct costs by individual activity, together with direct costs at the profit centre - general, represent the sum of individual activities performed in the area of Energy Product and Electricity Management and form the basis for the division of indirect costs and expenses recorded in Energy Product and Electricity Management - General - 1st coverage for the area of Energy Product and Electricity Management.

The Company has organised support functions, which the Company defines as support functions of energy activities for the areas of Energy and Environmental Systems and Energy Product and Electricity Management:
- "Customer Support and Sales-Contact Centre",
- "Back office",
- "IT" and "Business intelligence".

They are recorded by individual cost centres and are first divided into the Energy and Environmental Systems and Energy Product and Electricity Management organisational units (and further by individual activity) according to the applied criteria 4 and 5.

Criterion 4:
Support functions, which the Company defines as support functions of Energy and Environmental Systems and related costs – 2nd coverage for Energy and Environmental Systems are in total:
- Customer support – PO – 95 percent of all costs;
- Customer support – FO – 95 percent of all costs;
- Back office – 95 percent of all costs;
- IT – general – 15 percent of all costs;
- Business Intelligence - 95 percent of all costs.

Sum of costs – 2nd coverage for Energy and Environmental Systems represent indirect costs from the 2nd coverage.

Direct costs by individual activity, together with direct costs at the profit centre – general, represent the sum of individual activities performed in Energy and Environmental Systems and are the basis for the division of the indirect costs and expenses carried under the support functions of Energy and Environmental Systems – 2nd coverage for Energy and Environmental Systems.

Criterion 5:
Support functions, which the Company defines as support functions of Energy Product and Electricity Management and related costs – 2nd coverage for Energy Product and Electricity Management are in total:
- Customer support – PO – 5 percent of all costs;
- Customer support – FO – 5 percent of all costs;
- Back office – 5 percent of all costs;
- IT – general – 1 percent of all costs;
- Business Intelligence – 5 percent of all costs.

Sum of costs – 2nd coverage for Energy Product and Electricity Management represent indirect costs from the 2nd coverage.

Direct costs by individual activity, together with direct costs at the profit centre – general, represent the sum of individual activities performed in the field of Energy Product and Electricity Management and are the basis for the division indirect costs and expenses carried under the support functions of Energy Product and Electricity Management - 2nd coverage for Energy Product and Electricity Management.

All costs that belong to other support functions in the Company as a whole or in shares that are organised in the Company are shown among the other activities of the Company.

Criterion 6:
Financial expenses for interest on loans are calculated and attributed to an individual activity. The basis for calculating interest is 50 percent of the average value of the non-current assets of an individual activity at the beginning of the year and at the end of the year. The interest rate is calculated as the average annual interest rate applicable to the Company for long-term and short-term loans.

Criterion 7:
The statement of profit or loss was divided in the following steps:

- Sales revenue includes revenue from the sale of goods, revenue from the sale of services, other sales revenue and internal revenue and is divided by individual activities directly by recorded revenues (profit centre).
- The cost of goods sold represents the cost of energy products sold, goods sold and materials sold and is carried directly under each activity; the purchase value, which is carried under the cost centre, which is defined as indirect, is distributed by individual activity according to criteria 1 to 5.
- Costs of materials are all direct costs of materials that fall on an individual activity; an individual activity also accounts for a proportional share of indirect costs of materials with criteria 1 to 5 applied.
- Costs of services include all the direct costs of services that fall on an individual activity; an individual activity also accounts for a proportionate share of the indirect costs of services with criteria 1 to 5 applied.
- Labour costs are direct labour costs that fall on an individual activity; an individual activity also accounts for a proportionate share of indirect labour costs with criteria 1 to 5 applied.
- The depreciation and amortisation charge is the direct depreciation and amortisation charge that falls on an individual activity; an individual activity also accounts for a proportionate share of the indirect depreciation and amortisation charge with criteria 1 to 5 applied.
- Other costs are direct other costs that fall on an individual activity; an individual activity also accounts for a proportionate share of indirect other costs and indirect internal costs with criteria 1 to 5 applied.
- Other revenue is direct other revenue that falls on an individual activity; an individual activity also accounts for a proportionate share of indirect other revenue with criteria 1 to 3 applied.
- Other expenses are direct other revenue that relate to an individual activity; an individual activity also accounts for a proportionate share of indirect other expenses with criteria 1 to 3 applied.
- Finance income from dividends paid by subsidiaries, associates and jointly controlled entities is carried under separate financial statements under the other activities of the Company.
- Other finance income is carried under separate financial statements under the other activities of the Company.
- Other finance expenses, other than finance expenses from accrued interest on long-term and short-term loans, are carried under separate financial statements under the other activities of the Company.
- The calculated tax on an individual activity is calculated according to the applicable tax rate. The difference to the total tax charged for the Company is carried under separate financial statements under the other activities of the Company.
- Deferred tax is carried under separate financial statements under the other activities of the Company.

Criterion 8:
The statement of financial position was divided in the following steps:

Non-current (long-term) assets

- Intangible assets are carried directly under individual activities and the indirect part is recognised among other activities;
- Right-of-use assets are carried directly under individual activities and the indirect part is recognised among other activities;
- Items of property, plant and equipment are carried directly under individual activities and the indirect part is recognised among other activities;
- Investment property is carried directly under individual activities and the indirect part is recognised among other activities;
- Other non-current (long-term) assets are carried under other activities.

Current assets

- Operating receivables are carried directly under individual activities.
- Other current assets are carried under other activities.

Equity

- Called-up capital and capital surplus were determined on 31 December 2015 as the difference between assets and liabilities at that time
- Net profit or loss for the year is calculated in the statement of profit or loss for the year for each activity;
- Other equity items are carried under other activities.

Non-current liabilities

- Provisions for employee post-employment and other long-term benefits are carried under other activities;
- Other provisions are carried directly under individual activities:
- Long-term deferred revenue is carried directly under individual activities:
- Long-term deferred revenue is carried directly under individual activities:
- Financial liabilities that are not non-current financial liabilities from the calculated balance of long-term loans by individual activity are carried under separate financial statements under the other activities of the Company;
- Lease liabilities are carried directly under individual activities;

- Operating liabilities are carried directly under individual activities;
- Deferred tax liabilities are carried under other activities.

Current liabilities

- Other financial liabilities, other than current financial liabilities from accrued interest on short-term loans are carried under separate financial statements under the other activities of the Company.
- Lease liabilities are carried directly under individual activities;
- Operating liabilities are carried directly under individual activities.
- Corporate income tax liabilities are carried under other activities.
- Contract liabilities are carried directly under individual activities.
- Other liabilities are carried directly under individual activities.

Criterion 9:

Current and non-current financial liabilities from loans are calculated and attributed to an individual activity. The basis for calculating the balance of loans is 50 percent of the average value of the non-current assets of an individual activity at the beginning of the year and at the end of the year. Of this calculated value of loans, we carry 80 percent of the value among non-current financial liabilities and 20 percent of the value among current financial liabilities.

Criterion 10:

The sum of all the items of Non-current (long-term) assets and Current assets represents Total assets.

The sum of the Equity, Non-current liabilities and Current liabilities represents the Total liabilities.

If we determine the value of Assets lower than Liabilities, the calculated difference is carried under other receivables by individual activity.

If we determine the value of Assets higher than Liabilities, the calculated difference is carried under other operating liabilities by individual activity.

The criteria apply from the 2020 financial year onwards.

11.3 Presentation of financial statements by activities of Petrol d.d., Ljubljana

11.3.-1 Statement of profit or loss by activity

(in EUR)	Natural gas distribution system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution
Sales revenue	**13,171,390**	**38,496,323**	**663,259**	**3,797,189**	**1,994,733**
Cost of goods sold	**-**	**(44,509,086)**	**-**	**-**	**6,683**
Costs of materials	(2,375,165)	(147)	(395,381)	(2,244,255)	(472,734)
Costs of services	(847,487)	(68,555)	(23,906)	(528,776)	(251,058)
Labour costs	(1,174,637)	(83,035)	(103,255)	(903,407)	(913,542)
Depreciation and amortisation	(2,802,293)	(7,736)	(30,479)	(551,019)	(606,992)
Other costs	(846,148)	(297)	(4,501)	(178,438)	(41,438)
Operating costs	**(8,045,730)**	**(159,770)**	**(557,522)**	**(4,405,895)**	**(2,285,764)**
Other revenue	67,481	-	-	16,575	36,261
Other expenses	-	-	-	-	-
Operating profit or loss	**5,193,141**	**(6,172,533)**	**105,737**	**(592,131)**	**(248,087)**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities					
Other finance income	-	-	-	-	-
Other finance expenses	(396,788)	(64)	(3,070)	(42,314)	(87,444)
Net finance expense	**(396,788)**	**(64)**	**(3,070)**	**(42,314)**	**(87,444)**
Profit before tax	**4,796,353**	**(6,172,597)**	**102,667**	**(634,445)**	**(335,531)**
Tax expense	(911,307)	1,172,793	(19,506)	120,546	63,751
Deferred tax	-	-	-	-	-
Corporate income tax	**(911,307)**	**1,172,793**	**(19,506)**	**120,546**	**63,751**
Net profit for the year	**3,885,046**	**(4,999,804)**	**83,161**	**(513,899)**	**(271,780)**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	2,834,628	**229,672,272**	**4,191,254**	**2,938,049**	**3,259,260,693**	**3,557,019,790**
	-	**(232,854,336)**	**-**	**(1,277)**	**(2,919,171,723)**	**(3,196,529,739)**
	(1,413,989)	(1,082)	(1,792,681)	(395,633)	(14,727,697)	(23,818,764)
	(354,313)	(1,003,527)	(275,573)	(645,074)	(110,206,720)	(114,204,989)
	(212,292)	(305,403)	(835,837)	(500,809)	(73,286,774)	(78,318,991)
	(428,961)	(44,265)	(715,623)	(504,472)	(41,004,831)	(46,696,671)
	(168,312)	(20,926,707)	(112,007)	(77,421)	(13,308,080)	(35,663,349)
	(2,577,867)	**(22,280,984)**	**(3,731,721)**	**(2,123,409)**	**(252,534,102)**	**(298,702,764)**
	-	-	1,527	3,725	274,663,852	274,789,421
	-	-	-	-	(236,292,875)	(236,292,875)
	256,761	**(25,463,048)**	**461,060**	**817,088**	**125,925,845**	**100,283,833**
					3,287,054	**3,287,054**
	-	-	-	-	23,508,629	23,508,629
	(24,866)	(397)	(115,742)	(40,011)	(42,971,477)	(43,682,173)
	(24,866)	**(397)**	**(115,742)**	**(40,011)**	**(19,462,848)**	**(20,173,544)**
	231,895	**(25,463,445)**	**345,318**	**777,077**	**109,750,051**	**83,397,343**
	(44,061)	4,838,054	(65,611)	(147,645)	(23,788,882)	(18,781,868)
	-	-	-	-	1,867,467	1,867,467
	(44,061)	**4,838,054**	**(65,611)**	**(147,645)**	**(21,921,415)**	**(16,914,401)**
	187,834	**(20,625,391)**	**279,707**	**629,432**	**87,828,636**	**66,482,942**

11.3.-2 Statement of financial position by activity

(in EUR)	Natural gas distribution system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution
ASSETS					
Non-current (long-term) assets					
Intangible assets and right to use of leased assets	39,761,740	3,789	-	1,823,301	5,768,532
Property, plant and equipment	469,912	449	309,417	2,496,690	3,098,682
Investment property	-	-	-	30,226	-
Investments in subsidiaries	-	-	-	-	-
Investments in jointly controlled entities	-	-	-	-	-
Investments in associates	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Financial receivables	-	-	-	-	-
Operating receivables	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
	40,231,652	**4,238**	**309,417**	**4,350,217**	**8,867,214**
Current assets					
Inventories	-	-	-	-	-
Contract assets	-	-	-	-	-
Financial receivables	-	-	-	-	-
Operating receivables	27,832,956	53,592,205	807,990	5,532,442	2,457,790
Corporate income tax assets	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Prepayments and other assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
	27,832,956	**53,592,205**	**807,990**	**5,532,442**	**2,457,790**
Total assets	**68,064,608**	**53,596,443**	**1,117,407**	**9,882,659**	**11,325,004**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	-	21,644	19,299	3,860,245	132,141,091	183,399,641
	2,392,236	6,188	11,799,139	33,271	345,656,173	366,262,157
	-	-	-	-	12,305,768	12,335,994
	-	-	-	-	553,970,331	553,970,331
	-	-	-	-	210,000	210,000
	-	-	-	-	26,610,477	26,610,477
	-	-	-	-	2,117,914	2,117,914
	-	-	-	-	83,299,185	83,299,185
	-	-	-	-	8,219,107	8,219,107
	-	-	-	-	8,155,514	8,155,514
	2,392,236	**27,832**	**11,818,438**	**3,893,516**	**1,172,685,560**	**1,244,580,320**
	-	-	-	-	96,573,239	96,573,239
	-	-	-	-	7,604,649	7,604,649
	-	-	-	-	16,181,049	16,181,049
	154,231	151,216,645	11,458,212	624,164	132,153,256	385,829,891
	-	-	-	-	-	-
	-	-	-	-	34,561,544	34,561,544
	-	-	-	-	1,100,446	1,100,446
	-	-	-	-	50,728,784	50,728,784
	-	-	-	-	57,567,397	57,567,397
	154,231	**151,216,645**	**11,458,212**	**624,164**	**396,470,364**	**650,146,999**
	2,546,467	**151,244,477**	**23,276,650**	**4,517,680**	**1,569,155,924**	**1,894,727,319**

(in EUR)	Natural gas distribution system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution
EQUITY AND LIABILITIES					
Equity attributable to owners of the controlling company					
Called-up capital	16,544,318	2,569,303	(2,474)	3,597,624	1,000,013
Capital surplus	16,544,318	2,569,303	(2,474)	3,597,624	1,000,013
Legal reserves	-	-	-	-	-
Reserves for own shares	-	-	-	-	-
Own shares	-	-	-	-	-
Other revenue reserves	-	-	-	-	-
Fair value reserve	-	-	-	-	-
Hedging reserve	-	-	-	-	-
Retained earnings	-	-	-	-	-
Net profit or loss for the year	3,885,046	(4,999,804)	83,161	(513,899)	(271,780)
Total equity	**36,973,682**	**138,802**	**78,213**	**6,681,349**	**1,728,246**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	-	-	-	-	-
Other provisions	-	-	-	-	-
Long-term deferred revenue	-	-	-	107,422	253,431
Financial liabilities	16,532,821	2,656	127,902	1,763,081	3,643,501
Lease liabilities	-	59	-	-	-
Operating liabilities	637,782	-	-	-	-
	17,170,603	**2,715**	**127,902**	**1,870,503**	**3,896,932**
Current liabilities					
Financial liabilities	4,133,205	664	31,976	440,770	910,875
Lease liabilities	-	-	-	-	-
Operating liabilities	9,184,573	46,494,196	844,673	833,952	4,680,466
Corporate income tax liabilities	-	-	-	-	-
Contract liabilities	6,803	16,829	-	-	253
Other liabilities	595,742	6,943,237	34,643	56,085	108,232
	13,920,323	**53,454,926**	**911,292**	**1,330,807**	**5,699,826**
Total liabilities	**31,090,926**	**53,457,641**	**1,039,194**	**3,201,310**	**9,596,758**
Total equity and liabilities	**68,064,608**	**53,596,443**	**1,117,407**	**9,882,659**	**11,325,004**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	(2,658,811)	5,794,600	4,508,757	-	20,887,647	52,240,977
	(2,658,811)	5,794,600	4,508,757	-	49,638,055	80,991,385
	-	-	-	-	61,749,884	61,749,884
	-	-	-	-	4,708,359	4,708,359
	-	-	-	-	(2,604,670)	(2,604,670)
	-	-	-	-	340,914,615	340,914,615
	-	-	-	-	39,809,449	39,809,449
	-	-	-	-	(1,136,850)	(1,136,850)
	-	-	-	-	33,241,471	33,241,471
	187,834	(20,625,391)	279,707	629,432	21,345,694	-
	(5,129,788)	**(9,036,191)**	**9,297,221**	**629,432**	**568,553,654**	**609,914,620**
	-	-	-	-	7,969,809	7,969,809
	-	-	-	-	17,606,490	17,606,490
	119,000	-	2,034	-	28,977,184	29,459,071
	1,036,096	16,560	4,822,593	1,667,119	374,943,432	404,555,761
	-	335	-	-	26,735,139	26,735,533
	-	-	-	-	5,024,000	5,661,782
	1,155,096	**16,895**	**4,824,627**	**1,667,119**	**461,256,054**	**491,988,446**
	259,024	4,140	1,205,648	416,780	265,082,680	272,485,762
	-	-	-	-	2,717,596	2,717,596
	6,169,113	135,688,529	7,947,822	1,799,431	228,865,177	442,507,932
	-	-	-	-	16,353,199	16,353,199
	-	168,793	-	2,551	7,710,609	7,905,838
	93,022	24,402,311	1,332	2,367	18,616,955	50,853,926
	6,521,159	**160,263,773**	**9,154,802**	**2,221,129**	**539,346,216**	**792,824,253**
	7,676,255	**160,280,668**	**13,979,429**	**3,888,248**	**1,000,602,270**	**1,284,812,699**
	2,546,467	**151,244,477**	**23,276,650**	**4,517,680**	**1,569,155,924**	**1,894,727,319**

11.3.-3 Statement of cash flows by activity

(in EUR)	Natural gas distribution system operator	Natural gas supply	Closed natural gas distribution system	Heat generation	Heat distribution
Cash flows from operating activities					
Net cash from (used in) operating activities	998,280	2,998	12,870	478,932	211,929
Cash flows from investing activities					
Net cash from (used in) investing activities	(601,492)	(2,934)	(9,801)	(436,617)	(124,485)
Cash flows from financing activities					
Net cash from (used in) financing activities	(396,788)	(64)	(3,069)	(42,315)	(87,444)
Increase/(decrease) in cash and cash equivalents	-	-	-	-	-
Changes in cash and cash equivalents					
At the beginning of the year	**-**	**-**	**-**	**-**	**-**
Cash acquired through mergers by absorption	-	-	-	-	-
Increase/(decrease)	-	-	-	-	-
At the end of the year	**-**	**-**	**-**	**-**	**-**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	57,819	17,524	355,275	(4,077)	63,806,406	**65,937,956**
	(32,953)	(17,127)	(239,534)	44,088	(244,755,057)	**(246,175,912)**
	(24,866)	(397)	(115,741)	(40,011)	193,845,523	**193,134,828**
	-	-	-	-	**12,896,872**	**12,896,872**
	-	**-**	**-**	**-**	**44,670,525**	**44,670,525**
	-	-	-	-	**-**	**-**
	-	-	-	-	**12,896,872**	**12,896,872**
	-	**-**	**-**	**-**	**57,567,397**	**57,567,397**

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